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# ***Daily Report***

## **East Asia**

**FBIS-EAS-95-045  
Wednesday  
8 March 1995**

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# Daily Report

## East Asia

FBIS-EAS-95-045

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## Japan

### U.S. Avoidance of Term 'V-J Day' Welcomed

OW0803065095 Tokyo KYODO in English 0229 GMT  
8 Mar 95

[FBIS Transcribed Text] Washington, March 7  
KYODO—Japan welcomes the United States' decision to avoid using the traditional term "V-J Day" in commemorative events marking the 50th anniversary of the end of World War II, Japanese Ambassador to Washington Takakazu Kuriyama said Tuesday [8 March].

"The U.S. side's preparatory committee seems to be thinking that it wants to make (the events) occasions where (participants) will vow reconciliation and cooperation by tiding over the standpoints of war victory and war defeat," Kuriyama told a news conference.

The administration of President Bill Clinton has assured Japan that the U.S. will not use the term V-J Day at the commemorative events in Hawaii on Sept. 2, nor invite top government leaders from nations concerned, U.S. Government sources said.

"V-J Day," which stands for "Victory in Japan Day," is a term widely used in the media and in history books to describe Aug. 15, 1945, the day of Japan's surrender, which ended World War II.

The Clinton administration has mapped out a series of World War II-related commemorative events this year, culminating in a memorial ceremony at Pearl Harbor on Sept. 2—the 50th anniversary of Japan's formal surrender to the allied powers.

Clinton is scheduled to speak at the Pearl Harbor ceremonies.

### Public Opinion Against U.S. Supported

OW0803024595 Naha RYUKYU SHIMPO in Japanese  
6 Mar 95 Morning Edition p 5

[Editorial: "Respect Public Opinion That Opposes the Presence of U.S. Bases"]

[FBIS Translated Text] It has been 22 years since Okinawa reverted to mainland Japan. As most islanders now enjoy a middle-class lifestyle, demand for an improved social welfare system is increasing. On the other hand, the U.S. military presence—Okinawa's unique problem—is still a huge burden on local people as majority of them oppose it, although a sense of tolerance has gradually begun to prevail.

Last November, the Prime Minister's Office conducted a "poll on Okinawans' general attitude and opinions." According to the poll results, 59.4 percent of respondents answered they consider themselves "in the middle of the middle class." While feeling comfortable about their

everyday life, many respondents expressed hopes for improvement of "housing conditions" and "leisure."

In the area of industry and development, calls include "improvement of the social welfare system and medical facilities" (47.9 percent) and "measures to expand employment opportunities" (37.0 percent). Regarding future industrial development, "tourism and the resort industry" (36.8 percent) were listed first.

It may be natural for those people who now feel secure in their middle-class lifestyle to want an improved medical and social welfare system. However, their call for employment measures indicate that unemployment is still a big problem on this island because of its weak industrial foundation and poor job opportunities under the struggling recession-hit economy.

On Okinawa, the local government as well as economic and academic organizations have launched various projects to develop tourism and the resort industry, to promote internationalization, and attach more importance to "Asia." Responding favorably to these moves, an increasing number of Okinawans are now aware of the importance of developing local industry. Their understanding could be a great support in promoting future Okinawan industries. Therefore, we urge both the central and local governments to materialize those projects immediately.

Although the number of respondents who accept the presence of the U.S. bases actually increased and reached 38.8 percent in this poll, over half (54.3 percent) voiced opposition. After seeing that, we are certain Okinawans are still negative about the U.S. military. Those who accept the bases tend to think "there is nothing we can do about it." Their reaction seems to reflect changes observed in the current political situation. For example, as a flexible and realistic approach to solution of the base issue, the government has placed more importance on reduction of bases but not total removal. And, the Social Democratic Party of Japan drastically shifted its policy to acknowledge the importance of firmly maintaining Japan-U.S. security arrangements.

With the approach of the 50th anniversary of the war's end, calls by Okinawans for consolidation and reduction of U.S. bases have been intensifying. However, recent reports and statements from the United States indicate it has taken a stance that runs counter to public opinion on Okinawa; it is hard to understand. As seen in this opinion poll, the U.S. military bases are a heavy burden imposed on Okinawan people. Our government must realize this point and indicate consideration of it in talks with the United States.

We think the opinion poll results should be respected because they are data for gauging Okinawans' consciousness in the year that marks the 50th anniversary of World War II.



### Businesses Want Joint Use of Kadena Air Base

*OW0803040995 Naha RYUKYU SHIMPO in Japanese  
8 Mar 95 Morning Edition p 2*

[FBIS Translated Text] Tokyo [dateline as received]—Delegates of the "Council for Central Okinawa Development Promotion" representing commercial and industrial groups of nine cities and towns of Okinawa main island's central area toured four government ministries and agencies on 7 March, to demand U.S. Forces share the use of Kadena Air Base with the Japanese private sector.

The delegates, led by Council President Norio Ota, visited the Defense Agency, Ministry of Foreign Affairs, Ministry of Transport, and the Okinawa Development Agency, in that order. They specifically requested commercial air freight services be allowed to use the air base.

The demand is based on a resolution adopted at the council's meeting in late February; this is the first time that such a demand has been submitted to government offices concerned.

In response to the demand, Takeshi Ozawa, director of the Facilities Department of the Defense Facilities Administration Agency, said: "As a matter of fact, the U.S. base is operated (under the Japan-U.S. Security Treaty). Using it jointly with the private sector would be close to impossible [fukanoni chikai]. But, he promised to convey the contents of the demand to the U.S. Forces.

For his part, Akira Watanabe, administrative vice minister of the Okinawa Development Agency, simply said: "This is a difficult question, but I will report the matter to the minister."

In their demand, Council Chairman Ota and his party noted changes in the world situation including the collapse of the East-West Cold War structure and the fact that 50 years have passed since the end of the war. They said they want to use Kadena Air Base as an air freight relay station connecting mainland Japan and Southeast Asian countries. Their demand asserted: "Enabling Kadena, a big airport in the Far East, to be used by the private sector, thus allowing air freight services to use it, would be helpful in developing our area, in forming new cities and towns, securing new business opportunities, and setting up new distribution bases. This is very important not only for the people of the prefecture's central area, but also for the people of the whole prefecture."

### Decision Delayed on Yen Loan to Iran

*OW0703133395 Tokyo ASAHI SHIMBUN in Japanese  
7 Mar 95 Morning Edition p 3*

[FBIS Translated Text] Japan's yen loan to Iran has been delayed due to strong opposition from the United States, which has branded Iran as "a terrorist-sponsoring state." However, following last week's "final negotiations" between Japanese Government envoy Nobuo Matsunaga and Iranian leaders, Tokyo has been urged to decide

whether or not to provide a yen loan to Tehran (according to a senior Foreign Ministry official). There is concern that if the government decides to provide a loan in defiance of U.S. opposition, "Japanese-U.S. relations may worsen" (according to a government official). Because of this, opinions are divided within the government over how to deal with this issue. Some have begun to say, "Eventually, the government may have to further postpone its decision."

In talks with Iranian President 'Ali Akbar Hashemi-Rafsanjani, Matsunaga straightforwardly "conveyed the Japanese Government's concern" over Iran's support of terrorist activities, as alleged by the United States (said Vice Foreign Minister Kunihiro Saito). In reply, the president reportedly merely reiterated Tehran's conventional stand, saying, "We are against terrorism."

The government is to discuss again ways to deal with this issue after Matsunaga returns to Tokyo early next week. Nevertheless, because Washington is unlikely to soften its tough stand against Iran, the government will continually be sandwiched between the United States and Iran and will be urged to make a difficult decision.

The planned yen loan is to help Iran install a generator at a hydroelectric plant. A formal request from Tehran for the loan reportedly came in February 1994. A Foreign Ministry official said, "Usually, a decision to provide this kind of loan is made within six months after the request is received." It has already been more than a year since the request was received. Thus, the government appears to believe, "We cannot postpone our decision any further."

There are moves in other countries to extend economic assistance to Iran. Russia has signed a contract with Tehran to build a nuclear reactor. Germany is considering increasing trade insurance for Iran. The United States has conveyed its "concern" to each of these countries and has called on them to suspend their economic assistance to Tehran. There is a strong voice within Japan's Foreign Ministry urging that Tokyo should respect the intentions of the United States in order to build good bilateral relations.

### Rationale for Yen Loans to Tehran Examined

*OW0803131595 Tokyo YOMIURI SHIMBUN in Japanese  
8 Mar 95 Morning Edition p 4*

[By correspondent Koji Sakurai]

[FBIS Translated Text] Tehran, 7 Mar—The Japanese Government, sandwiched between Washington and Tehran over the issue of Japanese yen loans to Iran amounting to 150 billion yen, last week dispatched government envoy Nobuo Matsunaga to Iran. Subtle differences have been surfacing between Japan and Iran over the use to which the loans will be put.

The Rafsanjani government needs the yen loans, but intends to use Japan's positive attitude on aid to Iran as



"pump priming" for the normalization of relations with West European nations. Japan, meanwhile, intends to urge Iran to adopt a moderate line by contributing to the stability of life in Iran.

Speaking at a news conference in Tehran, Matsunaga said that during a 5 March meeting with President Rafsanjani, Foreign Minister Velayati and other senior Iranian government officials, "I sternly conveyed international concerns about Iran."

He said he specifically cited: 1) Iran's interference with the Middle East peace process; 2) the issue of Iran's sponsorship of terrorism, and 3) Iran's development of atomic power.

In response, President Rafsanjani said: "We do not believe the Middle East peace process will proceed well in the future, but we have not interfered with it." As usual, the Iranian president denied allegations Iran has sponsored terrorism and suspicions about Iran's nuclear development.

At the news conference, Matsunaga said: "I got unequivocal answers from Iranian leaders. But we need to watch closely future developments to confirm whether or not their answers were true." He also indicated that it would take time before suspicions about Iran's nuclear development were cleared up.

Japan resumed yen loans to Iran in May 1993, the first time in 17 years. In 1993, Japan provided 38 billion yen in the first installment of yen loans to Iran to fund the construction of the fourth dam on the Karun River in southern Iran. The dam is a large project costing an estimated 150 billion yen. Japan planned to provide 45 billion yen in the second installment of yen loans in the summer of 1994. The Japanese Government, however, has delayed the plan to provide the yen loan at the request of the United States, which has branded Iran a "terrorism-sponsoring nation."

The Iranian state-run news agency and newspapers reported the series of meetings between Matsunaga and Iranian leaders, but did not mention a word about the "international concerns" the Japanese envoy said he conveyed to Iranian leaders. The Iranian state-run news agency said Tehran should be wary of the possibility of Japan exercising domestic influence in Iran through economic assistance, and cited the Iranian president's remark that "Iran attaches more importance to the independence of its policies than to economic affairs." It is uncertain that Iran will conduct its diplomacy in ways Japan would wish.

The Japanese yen loans, which are the sole financial aid from Western industrial nations to Iran, are of great significance to Iran's diplomatic strategy to bail the country out of its international isolation as well as the more obvious economic benefit. Iran intends to use Japan's continued aid as a foothold to open the way for the promotion of political dialogue with West European

nations, including Germany, with which Iran had economic exchanges in the past. The Rafsanjani government is believed to be trying to scuttle the U.S.-sponsored "Iran containment policy," under which Washington has been stepping up pressure on Iran. The United States' diplomatic strategy, which fails to take into consideration other nations, includes areas that conflict with Japan's diplomatic policy.

#### **Igarashi: Deregulation To Restructure Economy**

*OW0803064895 Tokyo KYODO in English 0340 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Japan is trying to implement substantial deregulation so as to restructure its economy, the top government spokesman said Wednesday [8 March].

Chief Cabinet Secretary Kozo Igarashi made the remark at a news conference.

Japan is to announce a five-year deregulatory program by the end of March after issuing an interim report Friday on its current efforts.

Igarashi voiced strong concern about the continued surge of the yen to a record high against the U.S. dollar.

But he sounded reluctant to link Tokyo's planned deregulatory measures to the yen's unabated appreciation in global currency markets, saying the deregulatory efforts are not directly aimed at stemming the rise of the Japanese currency.

The dollar plunged to the 89 yen level in Tokyo trading Wednesday, compared with late Tuesday's quotes of 90.35-45 yen in New York and 91.65-75 yen in London.

In New York trading Tuesday, the dollar touched a record low of 89 yen flat.

#### **Interim Report on Deregulation Plan Leaked**

*OW0803123695 Tokyo KYODO in English 1210 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—The government will propose easing standards on imported construction materials in a deregulation plan but avoid specifics on the contentious issues of auto parts and large stores, officials said Wednesday [8 March].

A midterm report to be compiled Friday by government ministries and agencies, on a five-year deregulation plan to be drawn up by the month's end, will call for bringing Japan's standards on importing materials for housing construction into line with international standards, the officials said.

But it will not spell out plans, strongly demanded by the United States and European nations, to ease standards



and approval procedures on foreign car parts or to allow big retailers easier access to the Japanese market, they said.

With U.S. dissatisfaction toward the report likely, pressure is expected to build on the government to hammer out something more for the final deregulation package. The officials said government ministers will seek to expand the final list after the cabinet adopts the midterm report next Tuesday.

In the face of calls from the U.S. and Europe to spell out timing and details of deregulating the Large-Scale Retail Stores Law, the report will say only that it should be reviewed in the medium term, the officials said.

The American Chamber of Commerce calls for abolishing the Retail Law, which is seen as blocking competitive retailers from entering while protecting the legions of small mom and pop stores.

On car parts, the U.S. business group complained in a report last week that Japan does not have an independent testing organization and that replacement parts standards are not clearly defined, and it urged the government to "facilitate the growth of independent retail parts and service outlets."

The chamber also blasted standards on wood building products, complaining of "a noticeable lack of transparency in the Japanese regulations and the required calculations used to meet those regulations," which are contained in such codes as the Japan Agricultural Standards and the Japan Industrial Standards.

The midterm deregulation report will also avoid proposing relaxation of curbs in areas where three-story wood structures are allowed or on melding Japanese, U.S. and European auto emissions standards, the officials said, citing concerns about disaster preparation and the environment.

Also left in place are curbs on telecommunications companies becoming common carriers, they said.

Among the proposals in the midterm report are easing restrictions on the dispatch of workers, simplifying procedures to promote parallel imports of cosmetics and changing calculation methods to allow more residential parking space, the officials said.

In a bow to calls for greater openness in decision-making, they added, the government will summon concerned U.S. and European officials on Monday to explain the process of compiling the deregulation report and hear their opinions.

#### **Plan Weighs Reciprocal Inspection Standards**

*OW0803125995 Tokyo KYODO in English 1231 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Japan may accept reciprocal inspection standards for

imports across the board, in a bid to widen foreign access to Japanese markets under a deregulation program drafted by a ruling coalition panel.

Such criteria pave the way for importing foreign goods without going through Japanese inspections if they are inspected at foreign inspection centers designated by the Japanese Government.

Japan has already introduced such standards for a limited number of goods, including plywood and some processed foods, leaving other foreign suppliers frustrated with the hurdles put up by Japan's own inspection standards.

The draft program, a copy of which was obtained Wednesday [8 March] by KYODO NEWS SERVICE, also calls for setting up offices at each government ministry to handle inquiries about deregulation.

Panel members said they expect proposals contained in the draft document to be reflected in a government five-year program to deregulate the economy.

The government is to make public Friday an interim report on the five-year program in an attempt to quell foreign criticism of Japanese economic regulations.

The deregulation program written by the coalition panel stresses the need for deregulation to improve foreign access to Japanese markets with a view to harmonizing them with global ones.

It also demands that the government make an early comprehensive study of official regulations and make public both in Japanese and English deregulation measures it could not incorporate in its five-year program.

#### **Dollar Falls To New Low Against Yen**

*OW0803081295 Tokyo KYODO in English 0758 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—The dollar fell to a postwar global low of 88.75 yen in the afternoon session in Tokyo on Wednesday [8 March], but the U.S. currency then edged up to the lower 89 yen level, dealers said.

The dollar was traded at 89.27-32 yen at 4 P.M., up from 88.75-85 yen at 3 P.M. By 4 P.M., the dollar was moving between 88.75 yen and 90.95 yen. Late Tuesday, it was quoted at 90.35-45 yen in New York.

Because overseas speculators, believed to be U.S. funds, placed heavy dollar selling against the yen and the German mark, the dollar dropped to all-time lows against the Japanese and German currencies.

The U.S. currency hit 88.75 yen and 1.3450 marks at one point. The previous record lows were 89.00 yen and 1.3595 marks, both set in New York on Tuesday.



The Bank of Japan stepped into the market intermittently by buying the dollar against the yen, but the intervention did not seem to be effective, dealers said.

In the early morning session, the dollar rose to 90.95 yen at one point mainly because it was bought as a safe-haven currency due to an unconfirmed news agency report that a coup was carried out in Iraq. But selling by exporters, U.S. funds and others caused the dollar to fall back.

Behind the bearish sentiment for the dollar is the fact that Japanese monetary authorities cannot map out concrete measures to combat the yen's sharp rise, said Shinichiro Maruyama, head of swot [as received] trading of the international treasury department at the Industrial Bank of Japan.

Moreover, the United States does not seem to be serious in preventing the dollar's free fall, dealers said, while the Federal Reserve Bank of New York did not step into the market to support the dollar in New York on Tuesday.

U.S. Treasury officials have yet to publicly express strong concern about the dollar's sharp decline, only saying that a strong dollar is in U.S. national interests and the United States has enough funds to intervene in the market.

A dealer at Sakura Bank said, "The dollar's floor is not yet in sight. The next target may be 85 yen and 1.30 marks." To reverse the dollar's downward course, U.S. and German monetary authorities need to work in earnest, he added.

### Concern Spreads About Rapidly Rising Yen

#### Ministers Hold 'Emergency Talks'

OW0803013395 Tokyo KYODO in English 0046 GMT  
8 Mar 95

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Prime Minister Tomiichi Murayama called cabinet ministers concerned with economic affairs into emergency talks Wednesday [8 March] morning in a bid to stem the yen's surge against the U.S. dollar, officials said.

Among ministers present were Foreign Minister and Deputy Prime Minister Yohei Kono, Finance Minister Masayoshi Takemura, International Trade and Industry Minister Ryutaro Hashimoto, and Chief Cabinet Secretary Kozo Igarashi, the officials said.

They are believed to have discussed ways of stabilizing currency movements, such as another round of coordinated market intervention by the central banks of Japan, the United States and European countries.

The talks follow the dollar's plunge to another postwar global low of 89 yen flat in afternoon New York trading overnight.

In Tokyo, the dollar was quoted at 90.70-75 yen at 9 A.M., up 1.95 yen from late Tuesday but down from 90.35-45 yen in late Tuesday in New York.

Finance Minister Takemura told reporters early Wednesday, "I'm extremely concerned about rapid currency movements. I find no reasons on the Japanese side to justify the yen's appreciation."

He added, "we intend to grapple with the matter in concert with the U.S. and European countries."

The Bank of Japan is believed to have stepped in Wednesday morning to arrest the yen's unabated strength, according to dealers.

#### 'No Specific Measures' Decided

OW0803024095 Tokyo KYODO in English 0220 GMT  
8 Mar 95

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Prime Minister Tomiichi Murayama and cabinet ministers concerned with economic affairs on Wednesday [8 March] morning found no specific measures at least for now on the yen's continued surge against the U.S. dollar, the chief economic planner told reporters.

The cabinet ministers held an emergency session Wednesday morning following the dollar's dive to another postwar global low of 89 yen flat in New York trading overnight.

The talks also dealt with the effect of the yen's renewed appreciation on the nation's economy, according to officials.

After the meeting, Masahiko Komura, director general of the Economic Planning Agency, said, "the ministers present considered the matter from all angles but found no specific steps (to counter the yen's rise).

"We're doing and are going to do whatever we can," Komura added.

On coordinated market intervention by central banks of Japan, the United States and European countries late last week, Komura said the setup of cooperation among the Group of Seven (G-7) industrialized nations is "in place."

"I don't think last week's action proved unsuccessful," he said.

Meanwhile, Murayama told reporters he believes "speculative moves are witnessed in currency dealings that do not reflect economic fundamentals" of each industrial country. Japan will continue coordination with other economic powers, he added.

On Friday, the dollar plunged against the yen and German mark despite the coordinated intervention.



Komura also said the Finance Ministry and the Ministry of International Trade and Industry will look into ways to keep the economy from being adversely affected by the yen's precipitous gain.

He said the participants discussed monetary policy but that no decision was made.

The remarks came amid a burgeoning call for a cut in the official discount rate, currently at a record low 1.75 percent per annum.

"Although no decision was made on interest rates, I would like to see lower rates," Komura said.

Murayama said separately that it is up to the Bank of Japan to decide whether or not to lower the key rate.

Among ministers present at the wednesday morning meeting were Foreign Minister and Deputy Prime Minister Yohei Kono, Finance Minister Masayoshi Take-mura, International Trade and Industry Minister Ryutaro Hashimoto and Chief Cabinet Secretary Kozo Igarashi.

The talks follow the dollar's plunge to another postwar global low of 89 yen flat in afternoon New York trading overnight.

In Tokyo, the dollar was quoted at 90.40-45 yen at 9 A.M., up 2.25 yen from late Tuesday in Tokyo and roughly the same as 90.35-45 yen in late Tuesday in New York. The dollar moved between a record Tokyo low of 90.15 yen and 90.95 yen in two hours from 9 A.M.

The Bank of Japan is believed to have stepped in Wednesday morning to arrest the yen's unabated strength, according to dealers.

#### **Miyazawa Urges Intervention**

*OW0803140195 Tokyo KYODO in English 1329 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Former Prime Minister Kiichi Miyazawa cautioned Wednesday [8 March] against a unilateral reduction in Japan's key interest rate as a way to check the yen's rise against the dollar, officials said.

Miyazawa, a financial expert who also served as finance minister in the past, gave the advice to Prime Minister Tomiichi Murayama Wednesday night.

Murayama met separately with Miyazawa and another Former Prime Minister Noboru Takeshita to seek their advice on ways to cope with the yen's rapid appreciation against the dollar.

Miyazawa was quoted as telling Murayama that the Bank of Japan has already been guiding interest rates downward on the money market but the United States is not expected to raise its official discount rate.

Murayama said the government hopes to cope with the yen's surge in coordination with other industrialized nations, the officials said.

Miyazawa stressed the need for timely, concerted intervention by advanced nations to change the tide of the market, the officials said.

Takeshita was quoted as saying the yen's present level does not reflect the fundamentals of the Japanese economy.

#### **BOJ Vows 'Psychological War' To Hike Dollar**

*OW0703124795 Tokyo KYODO in English 1159 GMT 7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—Its dollar-boosting efforts thwarted again by rampant yen-buying, the Bank of Japan (BOJ) will launch "psychological war" to prop up the dollar, a central bank source said Tuesday [7 March] as the dollar sank below 92 yen in London.

Sounding a note of desperation as days of repeated intervention have failed to resuscitate the free-falling dollar, the source said the BOJ will take unspecified steps to fight the "speculative sources" that the central bank sees as behind the dollar-selling.

"The market is quite nervous, and suspicion is breeding fear," the source said. "We will respond with utmost efforts in the psychological war with the market."

The BOJ is seeking "an idea for a method that will cause the most distress to people selling the dollar," saying there are still ways to time interventions and amounts to use to block the dollar-sellers.

The source said the central bank was neither optimistic nor pessimistic but that if the dollar rebounds on its own, the BOJ will seek to boost the recovery.

#### **Rules Out Key Rate Cut**

*OW0803085695 Tokyo KYODO in English 0837 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Bank of Japan Governor Yasuo Matsushita indicated Wednesday [8 March] the central bank will not cut its key rate to arrest the yen's sharp appreciation against the dollar.

Matsushita, speaking at a press conference, ruled out the immediate cut in the official discount rate, saying, "We won't change our basic stance in monetary policy only because of the yen's rise."

Matsushita made his remarks some 15 minutes after the U.S. dollar sank below the 89 yen level in Tokyo inter-bank tradings, hitting a new global record low 88.75 yen.

"The central bank will maintain the current soft monetary policy, considering all the factors before making



judgment on the economy, not solely for foreign exchange rate developments," the BOJ chief said.

Matsushita expressed grave concern about the yen's recent quick rise against the dollar on foreign exchange dealings.

"The recent foreign exchange rate movements have not reflected each nation's economic fundamentals correctly," Matsushita said.

The Group of Seven (G-7) economic powers, sharing this view, joined the BOJ in supporting the dollar, Matsushita said.

He said the central bank will take "appropriate steps at an appropriate time" by contacting the currency authorities of other G-7 nations.

But the central bank has no intention of changing its current monetary policy, he said, noting that monetary policy does not exist solely for exchange rates.

Money market rates have been on a downtrend since the outbreak of the latest yen surge.

Money market dealers said the BOJ has injected more liquidation into the banking system since Tuesday, an action widely seen as indicating the BOJ's acceptance of an easier credit policy as a way of dealing with the currency problem.

The central bank carried out dollar-buying intervention intermittently on Wednesday, Tokyo currency dealers said.

Regarding the controversial plan to bail out two bad loan-saddled credit unions, Matsushita reiterated the central bank will support its basic framework.

On the overall economic trend, Matsushita repeated his previous judgment that the Japanese economy is following a moderate recovery course.

He downplayed the significance of possible economic effects of the Jan. 17 great Hanshin earthquake.

"Consumer restraint on active buying, seen immediately after the quake, came to a pause," Matsushita said.

He acknowledged exports turned slack due to the paralyzed operations of Kobe port, the biggest loading point in Japan, due to the quake. But overall exports resumed the uptrend in February, he added.

As shown in the latest BOJ quarterly business sentiment survey in February, the downswing in corporate capital spending halted, Matsushita said, noting corporate earnings are recovering.

He confirmed the current economic recovery phase is "slower" than past phases.

"Some brake is being put on the current recovery, reflecting ongoing economic restructuring," he explained.

But he added, "forwarding cyclical force is working in the economy gradually but steadily."

"It is difficult to imagine that Japan's self-recovering force will be interrupted in the near future," he said.

On lower stock prices' effects on business performance of financial institutions, Matsushita said he does not expect they will suffer significantly in the accounting books closing at the end of March.

Banks usually dispose of part of their stockholdings as a way to generate profit ahead of the book closing.

Matsushita denied that the G-7 top financial officials will get together immediately to discuss the currency issue.

"There is no prospect for such a meeting at this moment," he said. "Whether or not to convene the G-7 meetings should be discussed in overall talks among G-7 members if necessity arises."

On the Tokyo Metropolitan Assembly committees' recent decision to freeze a rescue plan for the two credit unions, Matsushita said the decision does not mean its denial.

Matsushita denied reports that other credit unions have faced withdrawals of deposits due to the latest problem of the two credit unions.

"I haven't heard any cash problems at other credit unions," Matsushita said.

Matsushita admitted the possibility that a central bank-led bailout scheme could be also used in future.

"That scheme is one of the options along with other rescue measures like self-reconstruction and mergers," he said.

#### Further on Reaction to Rapidly Rising Yen

##### Igarashi Reiterates Concern

OW0803091095 Tokyo KYODO in English 0849 GMT  
8 Mar 95

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Japan is very concerned about the yen's sharp rise against the dollar and will take appropriate action to reverse the course, a government spokesman reiterated Wednesday [8 March].

"We are very worried about it," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

"We perceive this situation as extremely serious. We will watch market movements and take appropriate action in close contact with the monetary authorities of the countries concerned."

Igarashi attributed the yen's surge against the dollar to "extremely speculative" dollar selling stemming from



the German marks rise in European markets and uncertainty over the situation in Mexico.

Asked if Prime Minister Tomiichi Murayama intends to hold another meeting of cabinet ministers to discuss how to respond to the yen's ascent to a record level, Igarashi said there is no plan for the moment to convene such a meeting.

On Wednesday morning, the premier and cabinet ministers met to discuss the yen's recent appreciation but failed to produce tangible measures to hold the surge of the Japanese unit in check.

Igarashi reiterated that Japanese monetary authorities have been in close touch with their counterparts in the major economic powers to help halt the dollar's downslide in global currency markets.

He also said the United States must take appropriate action to stem its currency's freefall, a major threat to the world economy.

In Tokyo dealings on Wednesday afternoon, the dollar plummeted to another postwar global low of 88.75 yen, piercing the previous record low of 89.00 yen set in New York on Tuesday.

At 5 P.M., the U.S. currency was quoted at 89.35-40 yen, up from 88.75-85 yen at 3 P.M.

#### **Surge 'Badly Affects' Economy**

*OW0803023095 Tokyo KYODO in English 0211 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—The yen's rapid gain against the U.S. dollar may badly affect Japan's economy, Finance Minister Masayoshi Takemura said Wednesday [8 March].

Takemura said at a press conference, "we take the situation very seriously... The yen's quick rise will have a great impact on Japan's economy."

Prime Minister Tomiichi Murayama called in economy-related ministers for an emergency meeting early in the morning to discuss measures to cope with the yen's sharp appreciation in the currency markets, Takemura said.

He declined, however, comments on specific actions under consideration to arrest the yen's jump against the dollar.

The dollar plunged to another postwar global low of 89 yen flat at one point in New York on Tuesday afternoon. The U.S. currency was trading at 90.40-45 yen at 10 A.M. Wednesday in Tokyo, down 2.25 yen from Tuesday's quote at 5 P.M.

Takemura said the currency situation is grave beyond description for Japanese industries, especially small-and medium-sized businesses.

"I can't find any reason on the side of Japan for the yen's surge," Takemura said.

Citing the steady downward trend in Japan's current account surplus, Takemura blamed speculative moves for the yen's sharp advance.

The Group of Seven (G-7) industrialized nations have in common serious concern about fast fluctuations in foreign exchange rates, Takemura said.

Japan will step up contacts with other G-7 nations to take appropriate actions, he said.

Takemura also said the government will make every effort to manage the nation's economy through domestic policies, direct or indirect, including deregulation.

Asked whether the G-7 nations will cooperate on interest rates, Takemura said that since the monetary policy is under jurisdiction of the Bank of Japan, the government should not comment on that.

#### **Domestic Factors Discounted**

*OW0803093095 Tokyo KYODO in English 0920 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Finance Minister Masayoshi Takemura said on Wednesday [8 March] the current runaway appreciation of the yen against the dollar is not a product of Japanese factors.

Takemura told a session of the House of Councillors Budget Committee that giving impetus to the yen's upswing are such factors as the stronger German mark, the huge U.S. budget deficit and the financial crisis in Mexico.

He voiced "grave concern" about the yen's galloping advance, adding he will deal with the situation by maintaining close contact and coordination with other Group of Seven (G-7) partners.

The dollar plunged further in Tokyo trading Wednesday, sinking below 89 yen for the first time.

#### **Komura on Discount Rate**

*OW0703031395 Tokyo KYODO in English 0252 GMT 7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—Japan's chief economic planner expressed hope Tuesday [7 March] that the Bank of Japan will cut the official discount rate to prevent a further appreciation of the yen on the foreign exchange market.

Masahiko Komura, director general of the Economic Planning Agency (EPA), commenting on the Japanese currency's surge to the 92-93 yen level against the U.S. dollar, told reporters he hopes the central bank will "take appropriate action" on the discount rate and other interest rates.

Coordinated intervention by major industrial nations had failed to calm the international currency turmoil.



### **Cabinet Members Comment**

*OW0803041495 Tokyo KYODO in English 0313 GMT  
8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Prime Minister Tomiichi Murayama and cabinet ministers concerned with economic affairs discussed a possible discount rate cut Wednesday [8 March] as one way to stem the yen's surge against the U.S. dollar, the chief economic planner said.

Masahiko Komura, director general of the Economic Planning Agency [EPA], told a news conference after the urgently held meeting, "we've confirmed a policy of doing whatever we can with maximum caution.

"The basic perception shared by the participants is that lower interest rates are better," Komura said.

Among the participants were Murayama, Foreign Minister and Deputy Prime Minister Yohei Kono, Finance Minister Masayoshi Takemura, International Trade and Industry Minister Ryutaro Hashimoto and Chief Cabinet Secretary Kozo Igarashi.

The cabinet ministers' huddle follows the dollar's dive to yet another postwar global low of 89 yen flat in New York overnight.

The talks also dealt with the effect of the yen's renewed appreciation on the nation's economy, according to officials.

After the meeting, Takemura told a news conference it is up to the Bank of Japan to determine whether to change the official discount rate, currently at a record low 1.75 percent. That view was also aired to reporters by Prime Minister Murayama.

There have been increasing calls for a cut in the key rate.

Takemura said the Finance Ministry made contact with the United States and European countries many times Tuesday night, adding that the framework of policy coordination stays intact.

Echoing that view, Komura said the framework of cooperation among the Group of Seven (G-7) industrialized nations is "in place."

Despite concerted market intervention by central banks of G-7 countries, however, the dollar plunged to a record low against the yen in New York trading Friday.

But Komura said, "I don't think last week's action proved unsuccessful."

Meanwhile, Murayama told reporters he believes "speculative moves are being seen in currency dealings that do not reflect economic fundamentals" of each industrial country. Japan will continue coordination with other industrial countries, he added.

Komura also said the Finance Ministry and the Ministry of International Trade and Industry will look into ways to keep the economy from being adversely affected by the yen's precipitous gain.

The ministers' talks follow the dollar's plunge to a postwar global low of 89 yen flat in Tuesday afternoon New York trading.

In Tokyo, the dollar was quoted at another record Tokyo low of 89.95 yen shortly past 11:30 A.M. after trading at 90.40-45 yen at 10 A.M., down 2.25 yen from late Tuesday in Tokyo and roughly the same as 90.35-45 yen late Tuesday in New York.

The dollar moved between a record Tokyo low of 90.15 yen and 90.95 yen in the two hours from 9 A.M.

The Bank of Japan is believed to have stepped in Wednesday morning in a bid to arrest the yen's unabated climb, according to dealers.

### **Kato on Cutting Discount Rate**

*OW0803130195 Tokyo KYODC in English 1227 GMT  
8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—A senior Liberal Democratic Party official on Wednesday [8 March] stressed the need for the Bank of Japan to consider lowering its official discount rate as a way to stem the yen's record-shattering surge against the U.S. dollar.

"It will be the future subject of debate," Koichi Kato, chairman of the LDP's Policy Affairs Research Council, said at a press conference at the Japan National Press Club.

"The situation is such that measures must be considered to expand domestic demand. Both the government and financial authorities must act in a decisive manner," Kato said, apparently referring to a cut in the official discount rate.

The official discount rate is a fee charged by the central bank on its loans to private banks. A cut in the rate makes the yen less appealing to foreign investors, thereby theoretically reducing its value.

### **Business Leaders Seek Action**

*OW0803124495 Tokyo KYODO in English 1225 GMT  
8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Top business leaders called on Prime Minister Tomiichi Murayama on Wednesday [8 March] and appealed for quick action to check the yen's steep rise against the dollar, officials said.

The business leaders, representing four major business organizations, made the unusual move as the dollar traded below 90 yen in Tokyo, momentarily setting a global low of 88.75 yen.



Murayama expressed serious concern over the situation and said the government will take timely action to halt the yen's appreciation in consultation with other advanced nations, the officials said.

Murayama was quoted as saying the yen's appreciation is excessive and does not reflect the fundamental factors of the Japanese economy.

Finance Minister Masayoshi Takemura, who was present at the meeting, said he will keep close contact with other industrial nations in dealing with the situation, which could cause havoc in Japan's export industry, they said.

The business leaders included Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren) and of Japan's top automaker Toyota Motor Corp., and Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry.

They said the yen's current surge far exceeds the adaptability of corporations, not only causing adverse effects on economic recovery but sending the Japanese economy to the brink of collapse.

The business chiefs appealed to the government for measures to trim the nation's huge current account surplus, expand domestic demand through market opening and promote deregulation, they said.

#### Industries Worried

*OW0803055495 Tokyo KYODO in English 0500 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—The yen's rapid rise against the U.S. dollar is making industries cringe at the prospect of detrimental effects on exports and the domestic economy.

In Tokyo on Wednesday, the dollar dipped to a record local low of 89.10 yen in early afternoon trading, after hitting a global low of 89 yen flat in New York the previous day.

"When it gets as bad as this, one can't immediately estimate how big an impact there is going to be," said a spokesman at Japan's top carmaker Toyota Motor Corp. The company loses 10 billion yen in sales with a drop of 1 yen in the value of the dollar.

He said the company can do little for the time being but watch the trend in foreign exchange markets. Shifting production abroad is a measure that can be taken to sidestep the yen's rise, "but it is not something that can be done in one go," he noted.

Sony Corp., an export-orientated electronics maker, is also dismayed by the plunge of the U.S. currency. "It was difficult as it was for manufacturers like ourselves when the dollar was at 99 yen. This time the fall has been extreme. We're finding it really hard to respond," said a company spokesman.

An owner of a Japanese-style hotel in Tokyo whose guests are mostly foreigners worries that the dollar's decline will scare away foreigners from traveling to Japan. "More people might be discouraged from trying to stay cheaply in Japan and getting to know the country," he said, saying it is becoming harder to keep fees down.

Even guests staying at expensive hotels are feeling the need to cut down on spending while in Japan. A spokesman at Hotel Okura, a prestigious hotel in Tokyo, said he has noticed foreign guests are "recently going out to convenience stores in the evening to buy the next day's breakfast."

The strength of the yen is of course good news for Japanese looking to travel abroad. Individual tourists are rising by more than 10 percent from previous year's levels, notes an official at travel agent Japan Travel Bureau Inc. But if the yen's rise works to hurt the still sluggish domestic economy, there could be decline in demand from companies, he said. "We're actually worried about the effect on our corporate customers," the official said.

#### Aid Programs Approved for Burma

##### Aid for Hospital, Orphanage

*OW0203123795 Tokyo KYODO in English 0957 GMT 2 Mar 95*

[FBIS Transcribed Text] Tokyo, March 2 KYODO—Japan will offer Myanmar [Burma] a small grant to improve facilities at a hospital and an orphanage in the country, a senior Foreign Ministry official said Thursday [2 March].

Japan will extend about 10 million yen for a project to improve medical equipment at a hospital in Myanmar's western state of Rakhine. Another 5.3 million yen will be extended to improve facilities at an orphanage in Yangon, he said.

The latest aid brought the amount of Japan's grant-in-aid to Myanmar to 42.1 million yen in fiscal 1994 which ends this month.

Earlier this week, Foreign Minister Yohei Kono and his Thai counterpart Krasae Chanawong agreed that Myanmar should not be isolated.

Kono told Krasae that Japan's humanitarian aid to Myanmar is aimed at getting the country to promote democratization, human rights and a market-oriented economy, and that he does not want Myanmar to misunderstand it as implying Japan approves of the current situation in the country.

Japan has not extended official development assistance to Myanmar since the country's military seized power in a 1988 coup and has only extended small grants for humanitarian purposes.



### Food Production Grant

OW0803034495 Tokyo MAINICHI SHIMBUN in  
Japanese 8 Mar 95 Morning Edition p 1

["Scoop" report by Osamu Koga]

[FBIS Translated Text] The Foreign Ministry decided on 7 March to provide the military government in Burma with 1 billion yen worth of aid for increasing food production before the end of fiscal 1994, and virtually resume aid to this country, to which official development assistance (ODA) has been suspended since 1988. This will be formally approved at a cabinet meeting shortly.

The Foreign Ministry had wanted to resume aid on condition that Burmese democratization movement leader Aung San Suu Kyi be released, but the military regime has continued to hold Suu Kyi under house arrest. On the other hand, Western countries and China have actively engaged in diplomatic contacts with Burma. Japan decided that early resumption of aid is necessary to regain lost ground.

However, providing massive aid under the present circumstances may possibly violate the "ODA Outline," which stipulates that democracy and human rights should be given consideration when giving aid. It would be interesting to note the reaction to this both within Japan and from abroad.

Aside from aid to increase food production, an unofficial decision has also been made to provide around 2 billion yen in grants in fiscal 1995 to build a new dormitory for the nursing university, a request for aid which had been made before the military coup d'etat.

While the Foreign Ministry explains that these two projects "do not represent a full resumption of aid, but merely an extension of humanitarian aid," humanitarian aid in the past has always been granted to private organizations in units of 10 million yen. This will still be the first instance of direct aid to the military regime.

Aid for increasing food production takes the form of grants for developing countries to finance their procurement of fertilizers and agricultural machinery. Japan used to provide Burma with around 2.5 billion of this aid annually before 1988. While this aid is usually meant for increasing the production of staple crops, the aid package being planned for the Burmese will be directed to the ethnic minorities in the mountainous areas for the unusual purpose of anti-narcotic measures.

The mountainous region in northern Burma, commonly known as the "Golden Triangle," is the greatest source of narcotics in the world. Most of the farmers in the area plant opium, which is the raw material for narcotics. Japan wants to encourage diversification to other crops by providing material aid. At the same time, Japanese aid is also meant to achieve the political purpose of

helping the military regime from the sidelines in its efforts to solve the crucial minorities issue.

The Foreign Ministry was prompted by efforts to begin contacts between Burma and the United States and the UK last autumn. It quickly dispatched an aid mission to Burma last December. With the hope that Suu Kyi would be released when her term of detention ended in January, the Foreign Minister had been preparing to provide aid on condition of Suu Kyi's release.

Although the release did not materialize, a Foreign Ministry source said that "in order to compete with the Western countries, it is necessary to implement aid promptly in a form visible to Burma." The requirement of Japanese diplomacy was given priority in the decision to undertake the two aid projects noted above.

At a subcommittee of the lower house Budget Committee on 21 February, Foreign Minister Yohei Kono had just asserted that Suu Kyi is "a symbol of the human rights issue," and "we cannot (provide aid); at least not under the present circumstances."

### MOFA Denies Aid Plan

OW0803034995 Tokyo KYODO in English 0254 GMT  
8 Mar 95

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Japan's Ministry of Foreign Affairs [MOFA] on Wednesday [8 March] denied a newspaper report that Japan plans to resume soon its Official Development Assistance (ODA) to Myanmar [Burma], which has been suspended since a 1988 military coup in that country.

A ministry official said the Foreign Ministry has not made any decisions yet on the reported grant assistance, although extending aid to boost food production is under consideration.

"We are considering increasing the amount of aid from the current 10 million yen scale to step up humanitarian assistance to the country," he said. "But no final decision has been made yet."

The MAINICHI SHIMBUN said Wednesday that the ministry has decided to provide 1 billion yen to Myanmar's military junta to help it increase food production and that the aid will soon be approved at a cabinet meeting.

Japan has limited its aid to Myanmar to small-scale grants of about 10 million yen each since suspending ODA, therefore the decision to offer 1 billion yen paves the way for resuming ODA, the MAINICHI said. Such a resumption would violate Japan's guideline for ODA, it said.

The guideline set in 1992 calls for taking into account the recipient country's military trends, as well as efforts toward democracy and improving its human rights record.



According to the newspaper, Japan decided to go ahead with such large-scale grants because other industrial countries, including the United States and Britain, have been engaged in active diplomacy toward Myanmar.

The front-page story also said the ministry is planning to grant another 2 billion yen to Myanmar to help build a dormitory for a nursing college.

Senior Foreign Ministry officials have said that the release of pro-democracy leader and Nobel Peace prize winner Aung San Suu Kyi, who has been under house arrest for more than five years, will remove a "great obstacle" to resumption of Japan's ODA to Myanmar.

#### **Commentary on Grants**

*OW0803052195 Tokyo MAINICHI SHIMBUN in Japanese 8 Mar 95 Morning Edition p 3*

["Commentary" by Osamu Koga]

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA], which decided to give Burma economic grants that amount to three billion yen in total, has two plans. Although the decision is an "appeal for the resumption of official development assistance (ODA)," MOFA has to explain to the United States and the Japanese people that it is "humanitarian aid." MOFA must do this because it has no sufficient evidence to support its decision. "Democratization and improvement in human rights issues" are preconditions for resuming the ODA.

With Japanese economic circles' desire for a resumption of ODA in the background, MOFA was placing its hopes on negotiations begun in September last year between the military government and Aung San Suu Kyi. In November, high-ranking British officials visited Burma one after another, and Burma's policy of isolating itself from the international community began to change.

However, MOFA made a mistake in thinking if it went ahead with grants for Burma its actions would not be contradictory, since Suu Kyi's house arrest was supposed to end in January this year. A fight broke out again between the military government and minority tribes early this year. It seems inevitable that the "Parliamentarians' League To Seek the Liberation of Suu Kyi" and the Association of Burmese Residing in Japan will say that it is a "decision made before obtaining the consent of all persons concerned."

#### **Slovakia Gets Untied Loan From Ex-Im Bank**

*OW0703114895 Tokyo KYODO in English 1111 GMT 7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—A Japanese governmental bank will provide an untied loan to the Slovak Republic with an aggregate amount of up to 7.5 billion yen, bank officials said Tuesday [7 March].

The Export-Import [Ex-Im] Bank of Japan will support the economic reform program agreed on by Slovakia, the International Monetary Fund (IMF) and the World Bank.

Since the separation of the Czech and Slovakia [passage as received] in January 1993, Slovakia has been implementing programs to reform its economy to a market-oriented system under the guide of the IMF and the World Bank, they said.

The loan, co-financed by the World Bank's economic recovery loan, was the second financial support to be awarded from the Ex-Im Bank following an 80 million dollar loan extended in February 1994, they said.

#### **Tokyo To Build Refugee Center in Croatia**

*OW0703103795 Tokyo KYODO in English 0934 GMT 7 Mar 95*

[FBIS Transcribed Text] Belgrade, March 7 KYODO—Japan will build a 500 million yen facility in Croatia to accommodate 1,000 refugees as a joint project with a UN refugee office, government officials in Europe said Tuesday [7 March].

According to the Japanese Embassy in Austria and other official sources, the 140,000-square-meter facility is planned in Sisak, some 50 kilometers southeast of Zagreb and 40 km from the border between Croatia and Bosnia-Herzegovina.

Officials said Japan and the office of the United Nations High Commissioner for Refugees (UNHCR) are hoping construction work can begin next month, and that the facility be completed by this summer.

Japan has paid some 130 million dollars to the UNHCR and other international organs to support refugees in the war-torn former Yugoslav republics, but the facility project will be the country's first visible and direct aid to the refugees, they said.

Under the plan, the facility will have 80 residential buildings as well as several clinics, kindergartens, community centers and tennis courts so that it can be used as a social welfare complex after the refugee problem is solved.

The facility will accommodate Croatian refugees from Serb-dominated areas in Croatia, and Croatians and Muslims from Bosnia, the officials said.

The government will ask for cooperation from Japanese nongovernmental organizations in the management of the facility, they said.

#### **Diet Approval Required for Aid to KEDO**

*OW0803113395 Tokyo KYODO in English 1046 GMT 8 Mar 95*

[FBIS Transcribed Text] Tokyo, March 8 KYODO—Approval by the Diet will be required when Japan



disburses financial aid over several years for an international project to provide North Korea with light-water reactors, a senior Foreign Ministry official said Wednesday [8 March].

The official said Diet approval will be necessary if Japan signs a pact on multi-year financial assistance with the Korean Peninsula Energy Development Organization (KEDO) set to be officially launched on Thursday in New York.

Such Diet endorsement is required when Japan signs treaties obliging it to make financial disbursement that extends over several fiscal years.

The United States, Japan and South Korea agreed earlier this week on a draft accord on the establishment of KEDO.

Despite North Korea's refusal, the accord said that KEDO will supply North Korea with two light-water reactors "of the Korean standard nuclear plant model" with a capacity of about 1,000 megawatts each.

Japan is to provide a total of 5.8 million dollars from the fiscal 1994 budget to KEDO to help eliminate North Korea's nuclear threat, according to Chief Cabinet Secretary Kozo Igarashi.

The Japanese aid consists of 3 million dollars for on-site fact-finding costs for the building of the reactors and 2.8 million dollars for the cost of operating the KEDO secretariat.

In addition, Japan also has said it would play a significant financial role in the light-water reactor project.

Based on the Oct. 21 nuclear accord between the U.S. and North Korea, KEDO and Pyongyang must sign a contract by April 21, though the senior ministry official hinted that it might be difficult to do so by then.

#### **Participation in KEDO Analyzed**

*OW0803022495 Tokyo MAINICHI SHIMBUN in Japanese 7 Mar 95 Morning Edition p 2*

[Unattributed article: "Implementation of the U.S.-North Korea Agreement Will Go Through Twists and Turns"]

[FBIS Translated Text] Now that a draft accord on establishing the Korea Energy Development Organization (KEDO) has been announced and Japan has decided to provide financial assistance to North Korea's shift to light-water reactors, the groundwork has been laid for putting KEDO into operation. Nonetheless, speaking at a 6 March session of the House of Representatives Budget Committee, Deputy Prime Minister and Foreign Minister Yohei Kono said: "Implementation of the agreement signed by the United States and North Korea is expected to go through twists and turns in the future." Therefore, KEDO will go into operation facing an uncertain future. As Japan is committed to sharing a huge amount of the

financial burden, the government is being forced to make further efforts to win the people's understanding.

At the January Japan-U.S. summit, Prime Minister Tomiichi Murayama promised: "Japan will play a meaningful financial role." In answers to questions in the Diet, the government has repeatedly said: "Japan cannot decide on the amount of its financial commitment before a fact-finding team surveys North Korea," (according to Yutake Kawashima, chief of the Asian Affairs Bureau of the Foreign Ministry).

The cost of building the light-water reactors is estimated at \$4 billion and Japan will shoulder a huge amount of the burden. The government is agonizing over how to win the people's understanding. The United States shows no willingness to bear any of the financial burden. A government official says there is a "view in Japan that the light-water reactors to be provided by South Korea will end up back in its hands when the North-South relationship makes progress." Japan is the only nation that sees no firm reason to shoulder the financial burden.

The Foreign Ministry has repeatedly stressed that the issue of nuclear development in North Korea involves Japan's security. Japan has vigorously called upon other nations behind-the-scenes to participate in KEDO, with the aim of creating an international framework for sharing the financial burden of construction.

The Total cost of building the light-water reactors and ratio of the cost burden will be based on a report to be submitted by the fact-finding team. Some government officials are examining the possibility of using bank loans and Official Development Assistance (ODA), but it is certain Japan's share of the cost burden will trigger controversy at home.

On Capitol Hill, Republicans have attacked the U.S.-North Korea agreement. At home, during Diet debates the opposition New Frontier Party pointed out: 1) Suspicions about North Korea's past nuclear development have not been cleared up; and 2) it is uncertain whether or not the U.S.-North Korea agreement will be implemented. The government forthrightly said: "Things are not expected to go according to the U.S.-North Korea agreement, but it is worth a try," (according to Kawashima).

The government is wary of the negative attitude that China and Russia are taking toward KEDO. A senior Foreign Ministry official said that at the 4 March Japan-Russia foreign ministerial talks, the Japanese side proposed that Russia cooperate with KEDO, saying: "Though we do not expect financial contributions from Russia, its participation in KEDO is of significance." But the Russian side virtually rejected the offer. China has deferred its participation in KEDO, and a growing number of government officials indicate that KEDO is so insufficient that it cannot be used as a means to press North Korea to scrupulously carry out its agreement with the United States. The actual situation is that, given



tensions arising from the discussion of economic sanctions against North Korea in the UN Security Council and their impact on Japan, Japan has no choice but to cooperate with KEDO.

### **Draft Plan Allows Premier To Mobilize SDF**

*OW0703141495 Tokyo KYODO in English 1354 GMT 7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—The prime minister could mobilize the Self-Defense Forces (SDF) if a prefectural governor failed to request it within an hour of a disaster, under a draft national disaster plan drawn up by a government advisory body, government sources said Tuesday [7 March].

The sources said the revised plan, prepared by the Central Disaster Prevention Council, also stipulates that freeways, the Shinkansen Bullet express lines, harbors, water mains, and other key infrastructure should be strengthened to withstand an earthquake of maximum intensity 7 on the Japanese scale.

They said other additions to the plan include a call for restraint on the part of the mass media to avoid panic, and allowing the Japanese Red Cross society to run evacuation centers.

A specialist subcommittee of the council will discuss the revisions at a meeting in Kobe on March 19, but the sources said the draft could undergo major revision as a number of interested agencies and ministries object to some aspects of the revisions.

The draft is based on lessons learned in the Jan. 17 great Hanshin earthquake which affected Kobe and nearby areas, killing more than 5,400 people. The quake had an intensity of 7.

Among other proposals are provision for foreign language students to assist with interpreting for foreign residents in the event of a disaster, the stockpiling of food, medicine and portable toilets at schools which can serve as evacuation centers, and the signing of mutual assistance agreements with other countries.

Critics say many lives were lost after the earthquake because the governor of Hyogo Prefecture, which includes Kobe, did not request SDF assistance early enough and the government failed to respond quickly to offers of assistance from overseas.

### **Approval Rating for Murayama Cabinet Drops**

*OW0803020595 Tokyo NHK General Television Network in Japanese 1029 GMT 7 Mar 95*

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] According to an NHK opinion poll, 45 percent of the respondents said they do not support the Murayama Cabinet, while 36 percent said

they do. Thus, the number of those who do not support the Murayama Cabinet exceeded that of those who do support it.

NHK interviewed 1,800 men and women aged 20 or over on 4-5 March, and 1,089, 60.5 percent of the total polled, responded. The 36 percent support rate for the Murayama Cabinet represents a drop of seven percent since the last such survey in September last year. The 45 percent disapproval rate represents a six percent increase. In this way, those who did not support the Murayama Cabinet exceeded those who did by nine percent.

The people who supported the cabinet were asked why they did so. Fifty-one percent of them said they support Murayama because he can be trusted. Seventeen percent cited his political attitude, and 12 percent said they support the cabinet because the cabinet is made up of the governing-coalition parties they support.

The people who did not support the cabinet were asked for their reasons for not doing so. Thirty-five percent of them said the prime minister lacks leadership, and another 35 percent said they have no expectations of this cabinet. Particularly, those who cited the prime minister's lack of leadership doubled when compared with the previous survey. Asked what they expected of the cabinet, 27 percent of the respondents said they want the cabinet to take appropriate economic measures and stabilized prices, while 24 percent they want political reform.

Asked which parties they support, 31 percent of the respondents said the Liberal Democratic Party; 13.3 percent said they support the opposition New Frontier Party, which was formed last December; 10 percent support the Social Democratic Party, a slight drop from the previous survey; 3.2 percent support Harbinger, almost the same as that of the previous poll; 1.7 percent support the Japan Communist Party, down over one percent from the previous survey; 1.3 percent support Komei, which is mainly composed of former local Komeito members; and 0.2 percent support the Liberal Union.

Those who said they have no particular parties to support increased to 35.2 percent, an increase of nearly one percent. They said they do not support any particular party mainly because politics will not improve even if they support a certain party and because they no longer believe in the party they used to support.

### **SDPJ To Form New Party Before Elections**

*OW0703135995 Tokyo KYODO in English 1308 GMT 7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—The Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] decided Tuesday [7 March] to launch its planned new party before the July election of the Upper House, party officials said.



The timeframe for inaugurating the new "democratic and liberal" party to supersede the SDP was agreed at a meeting of the party's ad-hoc committee on the issue.

The committee plans to draw up an interim report on the issue after intensive discussions next week in Atami and to submit it to the party's central executive committee before the unified local elections in April, the officials said.

Meanwhile, the executive body in principle approved a draft platform for the new party at an unofficial meeting earlier Tuesday, with formal endorsement expected at a meeting Thursday.

The draft platform calls for arms reductions and a total eradication of nuclear weapons, a ban on corporate contributions to political parties, voting rights for long-term foreign residents in Japan and a review of the disaster prevention system and the government's crisis management.

#### Problems, Rivalries Within LDP Discussed

OW0803051195 Tokyo ASAHI SHIMBUN in Japanese  
6 Mar 95 Morning Edition p 2

[FBIS Translated Text] At its party convention on 5 March, the Liberal Democratic Party [LDP] adopted an action program spelling out a "new policy declaration," tinged with a toning down of its tenet on revising the constitution and a plan for "rebirth of the party." The party stressed that it had been reborn. Indeed, the LDP is changing its characteristics: It became an opposition party for about one year, dismembered its factions, and further promoted generational change in its leadership. On the other hand, there are some main causes of problems within the party, including differences of opinion regarding war responsibility and a discord over leadership rights to steer the party. So far, these problems have been submerged under the slogan "maintain the coalition government."

#### Generational Change

"As the first step in regenerating the party, we took decisive action and dismantled the party factions." Yohei Kono (deputy prime minister and foreign minister), and LDP Secretary General Yoshiro Mori spoke at the party convention, stressing the positive achievements of "dismantling the factions."

The five LDP factions were dissolved one after another late last year and their influential power has rapidly been weakened. Members of a new personnel committee, which the party convention decided to form, were chosen on the basis of former factions' intentions. In this way, we can still see remnants of factional influence. However, there was no sign of factional bargaining over the issue of selecting LDP candidates for the next lower house elections and the LDP Executive Department

played the leadership role at the convention. The selection of candidates to run on the party ticket was previously a focal issue.

Meanwhile, a policy group called the "New Century Group"—composed of 66 former members of different factions with Koichi Kato, chairman of the LDP Policy Research Council; Taku Yamazaki, chairman of the LDP Diet Policy Committee; and Jun Koizuku, former post and telecommunications minister, as central figures—and other groups are calling for a generational change; Yamazaki, Kato, and Koizumi are called the "YKK" trio. As the LDP presidential election approaches, it seems there will be a battle over leadership between different groups, including former faction leaders who are losing vigor, and the YKK who are gaining influential power.

#### Coalition Unity by All Means

The LDP, Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger] are steering the coalition government. But the LDP is beginning to act differently in terms of policy matters.

The "new policy declaration" approved at the party convention on 5 March, waters down the LDP's intention—considered a party platform—to revise the constitution. Referring to the fact the growth rate of defense expenses was reduced to 0.855 percent for the fiscal 1995 budget, in his report to the convention Chairman Kato stressed actual achievements the coalition government had made, saying: "SDPJ demands have been accepted without major changes."

However, such compromise is becoming a source of discontent among some LDP members. At a meeting of groups cautious about the idea of "adopting a resolution on the renunciation of war" [the SDPJ's demand to adopt a Diet resolution designed to officially express remorse and apologize for World War II], opinions were expressed one after another, saying: "We should stop making compromises with the SDPJ." Confrontation between different LDP groups over the issue of war responsibility may become entangled with the issue of dealing with the coalition government. Accordingly, it seems there is a possibility that discord within the LDP may worsen.

#### Rivalry

LDP President Yohei Kono and Koichi Kato, who did not get along well when they belonged to the former Miyazawa faction, are beginning to be on good terms. In addition, former Obuchi faction members—including LDP Vice President Keizo Obuchi and Minister of International Trade and Industry Ryutaro Hashimoto—are keeping an eye on the YKK's attempt to expand their influence. The LDP groups entered into "rivalry" in the power struggle aimed at the presidential election, which will be held in September as Kono's term of office expires.



At the party convention, President Kono clearly stated he will seek a majority in the next general election. However, he did not go as far as saying the LDP will "aim to take power unilaterally." It seems that in addition to his consideration of both the SDPJ and Sakigake, the LDP's coalition partners, Kono might have thought that further comment would create unnecessary confusion because there are two different movements—one attaching importance to maintenance of the current coalition and the other seeking an early and unilateral restoral to power—within the LDP.

In addition to confrontation between the different groups over the deterioration of LDP factions and its stance on dealing with the coalition government, influential LDP politicians' strategies for the "post-Murayama" political world are also factors in the presidential election. How is the presidential election, slated for the fall, going to unfold? Meanwhile, Kono and other LDP leaders will continue to steer the party without a clear vision in the future.

#### **Article Analyzes LDP-NFP Talks, Meetings**

*OW0703131095 Tokyo YOMIURI SHIMBUN in Japanese 5 Mar 95 Morning Edition p 3*

[Article by Koji Mano: "Staying Neither Too Close Nor Too Far Away, the LDP and the NFP Watch Each Other's Moves"]

[FBIS Translated Text] After the collapse of one-party rule by the Liberal Democratic Party [LDP], political power shifted from one party to another, with the inauguration of governments led by Morihiro Hosokawa, Tsutomu Hata, and by Tomiichi Murayama. During this period, the LDP, a major coalition partner in the Murayama administration, and LDP splinter groups such as the former Japan Renewal Party [Shinseito], the largest force in the opposition New Frontier Party [NFP], have experienced both the "joy of being in power" and the "sorrow of being in opposition."

After LDP's Takeshita faction broke up, faction members split into two groups—one left the LDP to join the opposition and the other stayed. These two groups have been on bad terms and hostile to each other since then. There have, however, recently been frequent signs they have begun to mend their relations.

Close observation of the "contacts" between the LDP and the NFP since the inauguration of the NFP at the end of last year suggest that during the current intermission of political reorganization, these two major conservative forces have been sounding each other out to see who will succeed Murayama after the dissolution of the lower house and the subsequent general election under the new electoral system, while at the same time they have been preparing for "further political realignment."

#### **14 December**

Former LDP Vice President Shin Kanemaru came up to Tokyo from Yamanashi to stand trial [for his alleged

receipt of illegal political donations] on 14 December. On that evening, former Prime Minister Noboru Takeshita of the LDP, former Transport Minister Keiwa Okuda of the NFP, and others visited Kanemaru at his residence in Motoazabu, Tokyo to give him words of encouragement.

The contact between Takeshita and Okuda at Kanemaru's residence drew public attention because at that time, Okuda was at odds with NFP Secretary General Ichiro Ozawa over the selection of the head of the NFP, which had been launched just four days earlier.

#### **15 December**

It was the day before the first anniversary of former Prime Minister Kakuei Tanaka's death. At the request of Akiko Sato, Tanaka's secretary, a gathering was held at the "Koetsu" restaurant in Akasaka, Tokyo, to talk about the late Tanaka. Attending the meeting were LDP Vice President Keigo Obuchi, International Trade and Industry Minister Ryutaro Hashimoto, former LDP Secretary General Seiroku Kajiyama, former Prime Minister Tsutomu Hata of the NFP, former Prime Minister Morihiro Hosokawa, and Ozawa. Ozawa did not stay long. He left soon after offering incense.

At the gathering, Hosokawa asked Obuchi "to have a long talk with Ozawa some day."

#### **9 January**

In the morning, the "Free Society Research Committee" [name as published], comprised of influential political and business figures, held a regular meeting at the Akasaka Prince Hotel in Tokyo. Attending from the LDP were party president Yohei Kono, Obuchi, Policy Research Council Chairman Koichi Kato, and former Deputy Prime Minister Michio Watanabe. Former Prime Minister Toshiki Kaifu was among those attending from the NFP.

The committee was established in 1977 at the request of business leaders to accelerate the generational change in the political world. Even after the LDP split, influential members of the LDP and the NFP attend a regular session held once a month and exchange valuable information there.

#### **6 February**

In the afternoon, a regular meeting of the Diet member's forum on NEW-WIC (new welfare, information, and communications) was held in a conference room in the House of Representatives members' office building. Among those attending were Ryu Shionoya and Takanori Sakai from the LDP, Masayasu Kitagawa and Takeshi Maeda from the NFP, and Kisaburo Tokai and Yukio Hatoyama from Sakigake [Harbinger]. Kitagawa, who served as forum representative at the time, begged the others to give him support in the Mie gubernatorial election, in which he planned to run.



That night, the Energy Council, composed of Diet members concerned with commerce and industry issues and business leaders, held a new year meeting at the "Yamano-chaya" restaurant in Nagata-cho, Tokyo. The fact that the meeting was held for the first time in three years implied something. Attending from the LDP were Kato, Diet Affairs Committee Chairman Taku Yamasaki, and Education Minister Kaoru Yosano; from the NFP there was former International Trade and Industry Minister Kozo Watanabe, former Defense Agency Director General Kazuo Aichi, and former Construction Minister Takeshi Noda.

During the meeting, words were exchanged between LDP and NFP members which suggested they no longer had ill-feelings toward each other.

Getting a little drunk, Watanabe said: "None of those so far been considered as candidates (in the Tokyo gubernatorial election) are any good." He then recommended Yosano to run in the election.

In response to the proposal by Aichi to send peace-keeping operations units to Golan Heights, Yamasaki said: "If the NFP makes active efforts for the dispatch, I will spearhead the drive in the LDP." Also, Noda told Yamasaki: "Let us form a Diet member's league again to establish a system whereby the prime minister is elected by a popular vote." Some of those attending were heard to murmur: "Why were we ever separated?"

#### Early February

International Trade and Industry Minister Hashimoto met the NFP's Watanabe at his office. It is certain they discussed the political situation at the meeting because they had become intimate through their frequent contacts when the Takeshita faction was thrown into chaos prior to breakup. However, they did not disclose what they discussed.

#### 9 February

In the afternoon, the LDP's Obuchi met the NFP's Ozawa in the Diet building. He asked Ozawa to jointly propose the appointment of former Deputy Prime Minister Masaharu Gotoda as chairman of the great Hanshin earthquake restoration committee. Ozawa said: "All right, I will."

At a later date, Obuchi suggestively told people close to him: "The meeting with Ozawa was of significance."

On the evening of 1 February, LDP President Kono and Secretary General Yoshiro Mori met Kato, Yamasaki, and Junichiro Koizumi. The meeting enraged former Obuchi faction members, who called it a "move to contain former Takeshita faction members prior to the LDP presidential election scheduled for this autumn."

Referring to this, some in the LDP speculated: "It seems that by holding talks with Ozawa, Obuchi wanted to

show that it is possible for them to form a conservative-conservative alliance by gathering together former Takeshita faction members."

#### Late February

NFP Secretary General Ozawa called former Deputy Prime Minister Watanabe of the LDP to coordinate candidates for the next House of Representatives election. Ozawa said: "We plan to back Toriki (who was defeated in the last lower house election) in the second Wakayama constituency." Watanabe replied: "The LDP intends to field party member Kozo Kishimoto in the constituency. It will be impossible to withdraw his candidacy."

Following the collapse of the Hosokawa cabinet last April, Watanabe and Ozawa made a joint attempt to form a "conservative-conservative" alliance. The recent telephone talks suggest that they have maintained the close relations built up at this time.

Ozawa told reporters on 1 March: "Both the LDP and the NFP have had difficulties accomplishing great tasks. It is possible the two parties will cooperate if it is necessary to carry out a great plan for the long-term future of the nation."

Other meetings between LDP and NFP members include: NFP Vice Chairman Hata met former Foreign Minister Hiroshi Mitsuzuka of the LDP. Former Chief Cabinet Secretary Obuchi and former Deputy Chief Cabinet Secretary Ozawa met to arrange for a proposed party on 8 March in appreciation of the services of former Deputy Chief Cabinet Secretary Nobuo Ishihara. Former chief cabinet secretaries and deputy secretaries will attend the party.

There is also the incident in which Obuchi canceled plans to attend the funeral of Ozawa's mother on 4 March because they were leaked beforehand. Moreover, it has been rumored that meetings have been held between "Takeshita and Ozawa," and between "Takeshita and Takemura."

Asked why they are meeting, the LDP and the NFP usually say it is to celebrate somebody's recovery from illness or to study policies. However, in many cases the promoters of such meetings and those who act as go-betweens have other intentions, and members of both parties attend the meeting bearing this point in mind.

At the meetings, each group tries to sound out the other's views and moves, and lure it onto its own side.

#### Panel Urges Tighter Control of Credit Unions

OW0703135295 Tokyo KYODO in English 1016 GMT  
7 Mar 95

[FBIS Transcribed Text] Tokyo, March 7 KYODO—Members of a government study group called Tuesday [7 March] for stronger supervision over credit unions to



prevent the sort of lax management evident in the case of two Tokyo-based ailing institutions, Finance Ministry officials said.

The gathering to study the framework for deposits, a private consulting group to the head of the Financial System Research Council [passage as received] which in turn serves as an advisory panel to the finance minister, exchanged views on ways to secure the sound management of credit unions.

The meeting followed a controversial scheme to bail out the Tokyo Kyowa Credit Association and Anzen Credit Bank, both of them saddled with huge amounts of bad loans, the officials said.

Some group members pointed to the need for strengthening the monitoring system for credit unions to uncover problems swiftly so as to facilitate early countermeasures, they said.

Questioning whether the present mutual surveillance system functions well among the cooperative organizations, some also asked for thorough discussion of credit union management from the ground up, including their "governance," they said.

Regarding the disposal of failed financial institutions, many urged further disclosure of operational information, they said.

One member was quoted as saying, "No one would make large deposits in such a financial institution (as Tokyo Kyowa and Anzen) if he or she had a clear image of its management."

Another called for further improvement in the current deposit insurance system, set up in 1971, while the other asked for as many options as possible to dispose bankrupt financiers for flexible countermeasures as the case may be, they said.

The study group, originally aimed at discussing line-ups of deposits following the introduction of new time deposits with lottery prizes, is scheduled to work out a report this spring, they said.

Since the issue of credit unions is under discussion by several advisory bodies, however, how to put together their recommendations has yet to be decided, they said.

#### **Upper House To Summon Mieno on Credit Unions**

*OW0703145095 Tokyo KYODO in English 1351 GMT  
7 Mar 95*

[FBIS Transcribed Text] Tokyo, March 7 KYODO—Ruling and opposition parties agreed Tuesday [7 March] to summon a former head of the central bank and the president of a credit bank to testify before the House of Councillors on the issue of two ailing credit unions, officials said.

The two credit unions are the subject of a controversial bailout plan.

The parties agreed to summon Yasushi Mieno, former governor of the Bank of Japan (BOJ), and Tetsuya Horie, president of the Long-Term Credit Bank of Japan, to the Upper House's Budget Committee on March 16, parliamentary officials said.

The summons will be formally decided at a Thursday committee meeting, they said.

The House of Representatives Budget Committee is scheduled to question the former presidents of the two credit unions at a Thursday session.

They are Harunori Takahashi, former president of Tokyo Kyowa Credit Association, and Shinsuke Suzuki, former president of Anzen Credit Bank, both based in Tokyo.

The lower house committee on Tuesday discussed documents and data recently submitted by the Tokyo Metropolitan Government and the Bank of Japan concerning the two credit banks.

The data handed over, however, again concealed the names of individuals and organizations having links with the unions, and the committee decided to call on Finance Minister Masayoshi Takemura to release the names.

The two credit unions collapsed earlier this year with a huge amount of bad loans that were extended during the height of the "bubble" economy of the late 1980s.

According to the Tokyo government which supervises the credit unions, the two credit unions are saddled with 110 billion yen in unrecoverable loans, including 44.8 billion yen to a company run by Takahashi and 53.5 billion yen to a company with close links to Suzuki.

The Long-Term Credit Bank of Japan was once the main bank for property developer E.I.E. International Corp., whose president is Takahashi.

Metropolitan government officials looking into the case have said Takahashi and Suzuki provided loans to companies affiliated with them beyond legal limits without approval by each union's board.

The two companies filed criminal complaints with prosecutors and police at the end of last month, seeking prosecution of the two former executives for breach of trust.

The bailout scheme, crafted by the ministry, the Bank of Japan and the Tokyo Metropolitan Government, called for the metropolitan government to extend 30 billion yen in low-interest loans.

But the bailout plan was struck down last week by the Tokyo Metropolitan Assembly Committee, which decided to allow the issue to be taken up by the new governor to be elected in April.

Tokyo Gov. Shunichi Suzuki will not seek a fifth term.



### Midterm Financial Statements of Banks Reported

952A0342A Tokyo GINKO JIHYO in Japanese Jan 95  
pp 99-101

[Article by Kikuo Okabe: "Financial Sector's September 1994 Midterm Financial Statements: Prioritizing Disposal of Non-Performing Loans Is Basis for Decline in Profits"]

[FBIS Translated Text] The combined profits of Japan's 11 city banks fell in the half-year ending September 1994 as a result of their resolve to prioritize the disposal of bad loans. Aggregate earnings were down in all profit areas (net operating profit, pretax profit, and net profit), reflecting total write-offs of some 1.3 trillion yen. Improvement in the bad loan situation was evident on an individual bank basis as well. If the banks continue to write off bad loans at this pace, they should finish disposing of the disclosed portion of their bad loans and the bad loans of affiliated nonbanks within about two years. Meanwhile, differences in the scale of loan write-offs at each bank is influencing the profit rankings in the banking sector. A new bank moved into the top spot in all three profit divisions, a side-effect of the bad loan problem and a trend that will probably continue for the time being.

The first-half results for fiscal 1994 cannot be defined by one feature, according to an Accounting manager at a leading city bank. However, he notes, the results do reflect a unilateral move by banks to prioritize the disposal of bad loans and write off as much of the balance as their financial strength allows, although the disposal method and size of the balance differs depending on the bank.

The balance of non-performing loans at the 11 commercial banks, known as city banks, rose steadily in the wake of the bubble economy's collapse, totaling an imposing 9.2722 trillion yen as of the end of September 1993. The balance has recently entered a slight downward trend, however, shifting to a gentle descent after reaching the peak. Thus, the banking sector is now at the stage where a ray of hope is visible amidst the prolonged crisis. This fact is summed up in the words of the Accounting manager.

In the half-year ending September 1994, the combined net operating profit of the 11 city banks fell from the year-earlier level, according to the midterm business results released on November 24. In addition, their aggregate pretax profit plunged as a result of their aggressive efforts to write off bad loans. Thus, city banks were unable to escape from a downward earnings trend.

Net operating profit, a reflection of core business profits, of the 11 banks totaled 1.0915 trillion yen, down 5.7 percent from the same period a year earlier. The banks benefited from a decline in funding costs as a result of the maturation of time deposits taken out when interest

rates were high. However, this positive factor was more than offset by sluggish fund dealing in reaction to the surge in U.S. interest rates, coupled with a decline in Japanese interest rates and weak demand for loans.

On the other hand, the banks' combined pretax profits plunged 40.7 percent from a year earlier to 233.3 billion yen as a result of the disposal of as much as 1.2435 trillion yen in domestic bad loans.

### Profit Rankings Change

The first half of fiscal 1994 is characterized in part by substantial changes in the profit rankings of the banks. A new bank moved into the top position in all three profit classifications (net operating profit, pretax profit, and net profit). In terms of net operating profit, Sanwa Bank regained the top spot with earnings of 161.1 billion yen, replacing Fuji Bank, which held the No. 1 position for the period ended March 1994.

Fuji Bank advanced to the top in the previous period on the strength of an increase in bond dealing income in Japan. In the half-year through September 1994, however, it could not easily prop up earnings with aggressive dealing strategies due to a slump in the bond market. Still, Fuji managed to come in second with a net operating profit of 153.8 billion yen.

A total of three banks posted an increase in net operating profit (Asahi Bank, Daiwa Bank, and Sumitomo Bank) while two banks recorded a double-digit decline (Sakura Bank and Sumitomo Bank). The marked disparities in the performances of the banks reflect differences in terms of the amount and life of maturing time deposits, the extent of the downturn in lending or dealing skills. Calculations notwithstanding, however, what should not be overlooked here is the change in management's attitude toward the account-closing.

Prior to the collapse of the bubble economy, banks routinely engaged in practices to boost their profits on paper before closing the books due to their focus on profit rankings, as symbolized by the view that earnings reign supreme. This practice has subsided somewhat, however, due to the huge volume of bad loans generated by the demise of the bubble economy. Instead, each bank is strengthening its resolve to place the disposal of bad loans ahead of short-term profits in conjunction with the Finance Ministry's move to ease regulations.

The same trend is also apparent, of course, in the pretax profits and net profits of the banks. Although Sanwa Bank grabbed the top seat in terms of net operating profit, Sumitomo Bank took the No. 1 spot in terms of pretax profit (41.0 billion yen) and the Bank of Tokyo in terms of net profit (34.6 billion yen). These changes in the top-ranking banks are attributable to the disposal of bad loans.



**City Banks' September 1994 Midterm Results**  
(profits and fund volume)

Bank	Net Operating Profit	Pretax Profit	Net Profit	Fund Volume
Sakura	901 (1,000)	405 (354)	161 (174)	387,194 (369,718)
Dai-Ichi Kangyo	1,133 (1,237)	254 (205)	162 (162)	383,897 (395,502)
Sumitomo	1,355 (1,573)	410 (637)	245 (303)	377,746 (387,575)
Fuji	1,538 (1,589)	150 (320)	130 (258)	380,824 (374,211)
Mitsubishi	1,302 (1,392)	78 (467)	163 (268)	370,752 (361,939)
Sanwa	1,611 (1,760)	343 (673)	304 (399)	372,482 (362,607)
Tokai	832 (867)	100 (122)	96 (114)	218,779 (223,918)
Asahi	750 (723)	152 (382)	104 (101)	214,761 (215,095)
Daiwa	406 (366)	105 (196)	74 (85)	134,734 (127,407)
Bank of Tokyo	928 (895)	307 (490)	346 (301)	104,038 (108,272)
Hokkaido Takushoku	154 (171)	24 (81)	25 (44)	88,444 (86,940)
Total	10,915 (11,578)	2,333 (3,933)	1,815 (2,213)	3,033,656 (3,013,190)

Notes: 1. Unit: 100 million yen.

2. Figures in parentheses represent September 1993 midterm results.

3. The fund volume is the sum of deposits and transferable deposits.

Sumitomo Bank may have posted the highest pretax profit, but the figure itself was down 35.6 percent from a year earlier. Similarly, Mitsubishi Bank saw its pretax profit plunge by a sharp 83.1 percent, likely a record decline, to 7.8 billion yen. Mitsubishi's pretax profit was undermined by the disposal of over 200 billion yen in bad loans, including the special factor of an accounting write-off related to the disposal of loans to Central and South America. Fuji Bank, Asahi Bank, and Hokkaido Takushoku Bank also posted pretax-profit declines in excess of 50 percent.

As for net profit, the Bank of Tokyo took the top spot for the first time ever. However, its move to the top was attributable to a special factor, namely the drawing down of a special reserve for overseas loans. Management had built up the reserve for the disposal of bad loans extended to Brazil and Bulgaria. In fact, the Bank of Tokyo itself recognizes that the ranking is not an accurate reflection of its operating strengths.

The outstanding balance of non-performing loans disclosed by the 11 banks fell 2.5 percent as compared to the end of March to 8.7436 trillion yen as a result of their concerted efforts to clear away bad loans. The balance includes loans for which interest has not been paid for over six months and loans to clients that subsequently went bankrupt.

The aggregate balance of bad loans was down 5.7 percent from September 1993's level of 9.2722 trillion yen, proof that the disposal of bad loans has peaked and entered a downward trend. However, the banks have yet to dispose of restructured loans (loans for which the interest has been reduced or even canceled) to housing finance companies and other affiliated nonbanks. Japanese banks do not have to disclose the balance of these loans. Thus, there is no question that the banks still face harsh circumstances.

The 11 banks wrote off a total of 1.2435 trillion yen in the half year, up 46 percent from the same period a year earlier. The write-offs consisted primarily of the disposal of losses on the sale of loans to the Cooperative Credit Purchasing Corporation (CCPC) and the cost of setting aside funds in special loan-loss reserves. Of the loans written off the books, 770.5 billion worth, or 61 percent of the total, was sold to the CCPC.

Looking at the disposal of bad loans by bank, Sumitomo Bank wrote off the largest amount, or 196.7 billion yen worth. It was followed by Fuji Bank, which disposed of 167.9 billion yen in loans, and Daiwa Bank, which disposed of 147.8 billion worth. Meanwhile, Sakura Bank, Dai-Ichi Kangyo Bank, Mitsubishi Bank, and Sanwa Bank each wrote off in excess of 100 billion yen in loans. Against the backdrop of these large write-offs, Mitsubishi Bank, Daiwa Bank, and Bank of Tokyo are now virtually finished disposing of their disclosed bad loans. Meanwhile, Sakura Bank, Dai-Ichi Kangyo Bank, and Fuji Bank plan to resolve their bad loan problems by fiscal 1995.

**City Banks' Major Financial Indicators and Equity Ratios**  
(as of 30 September 1994)

Bank	Loans With Overdue Interest	Loans to Bankrupt Clients	Ordinary Loan Loss Reserves	Special Reserves	Equity Ratio
Sakura	11,759 (12,035)	2,705 (2,553)	1,079 (1,096)	3,058 (2,460)	9.58 (9.50)
Dai-Ichi Kangyo	10,227 (10,831)	2,551 (2,440)	1,011 (1,023)	2,575 (2,172)	9.40 (9.40)
Sumitomo	10,287 (9,436)	1,673 (1,690)	1,037 (1,044)	2,831 (2,537)	9.70 (9.89)
Fuji	9,662 (9,702)	2,207 (2,179)	938 (953)	4,565 (3,728)	9.65 (9.66)
Mitsubishi	3,946 (4,145)	1,606 (1,582)	923 (939)	1,687 (1,592)	9.89 (9.65)



Sanwa	6,651 (7,760)	1,363 (1,337)	1,011 (1,016)	2,210 (1,987)	9.94 (9.94)
Tokai	6,435 (6,457)	1,226 (1,224)	602 (613)	2,138 (2,037)	9.60 (9.49)
Asahi	3,619 (3,094)	1,171 (1,086)	609 (615)	1,395 (1,339)	9.68 (9.60)
Daiwa	1,849 (2,315)	1,247 (1,315)	323 (331)	1,147 (1,000)	9.30 (9.40)
Bank of Tokyo	1,942 (2,301)	362 (365)	360 (375)	933 (820)	10.82 (10.37)
Hokkaido Takushoku	4,129 (4,276)	819 (804)	218 (223)	1,439 (1,349)	9.22 (9.20)
Total	70,506 (73,162)	16,930 (16,575)	8,111 (8,228)	23,978 (21,021)	—(—)

Notes: 1. Units: 100 million yen, %.

2. Figures in parentheses represent September 1993 midterm results.

3. Daiwa Bank's loans with overdue interest and loans to bankrupt clients include trust accounts.

Although each bank has relied primarily on net operating profit to cover losses from loan write-offs, recent declines in net operating profit have forced the banks to turn increasingly to profits from stock sales as a source of funds. The 11 banks recorded a total of 938.3 billion yen in profits on stock sales in the half year ended September 1994, up roughly 2.2 times from the year-earlier period. Sakura Bank recorded the highest figure, or 152.8 billion yen. Furthermore, Sumitomo's profits on the sale of stock soared to 152.7 billion yen from 1.2 billion in the half-year ended September 1993, reflecting a need for funds to cover the cost of taking over the bad loans of Sumitomo Lease and other affiliated nonbanks. Mitsubishi Bank and Sanwa Bank also boosted their profits on stock sales in a move to support affiliated non-banks. On the other hand, some banks slowed the pace of stock sales and kept the cost of loan write-offs within the sphere of net operating profit. For example, Tokai Bank posted only 7.5 billion yen in profits on the sale of stock, down from 100.5 billion in the half-year ended September 1993.

Although the banks differ from one another in terms of the method of disposing of bad loans and the size of the problem, there is no question that they are writing off bad loans at a quick pace. Should the city banks continue to dispose of their bad loans at this pace, the entire sector will be finished writing off the disclosed portion of bad loans and the bad loans of affiliated nonbanks by the target date of two years from now, the harsh earnings environment notwithstanding. By then, city banks will be in a position to formulate strategies with an eye on the 21st century.

### North Korea

#### ROK Share of U.S. Expenses Increase Viewed

SK0603002795 Pyongyang Korean Central  
Broadcasting Network in Korean 2100 GMT 2 Mar 95

[FBIS Translated Text] According to reports from the South Korean papers, the United States has decided to increase the puppet authorities' share of defense expenses for the U.S. troops stationed in South Korea by 10 percent every year.

According to the report entitled "the Defense Strategy on East Asia" submitted to the U.S. Congress on 27 February, the U.S. Defense Department stipulated in the text of the report the increase in South Korea's share of defense expenses.

The bellicose class in the United States schemes to perpetuate its occupation of South Korea and to charge the puppets with its defense expenses. The South Korean treacherous clique is begging for the U.S. troops to continue to be stationed in the South by turning over taxes that are collected from its people for the upkeep expenses of the U.S. troops.

#### ROK Student Group Denounces Elections 'Scheme'

SK0403104495 Pyongyang KCNA in English 1014  
GMT 4 Mar 95

[FBIS Transcribed Text] Pyongyang, March 4 (KCNA)—The Kwangju-South Cholla Provincial Federation of General Student Councils (Namchongnyon) of South Korea released a statement denouncing the scheme of "the Liberal Democratic Party" to put off "elections to local autonomous bodies," according to a media report.

Pointing out that the puppet Agency for National Security Planning (ANSP) had a hand in the scheme, the statement urged an immediate dissolution of the ANSP, the headquarters of underhand politics.

Noting that the reorganization of administrative districts pursued by the authorities is nothing but another drama for postponing "elections," it urged the authorities to give up the scheme.

#### ROK Warned Against Holding Apr Joint Exercise

SK0803043795 Pyongyang KCNA in English 0426  
GMT 8 Mar 95

["South Korean Puppets Ready To Stage Large-Scale Joint Military Exercises"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—The puppet Ministry of National Defence



announced Tuesday its plan to stage joint military exercises involving a corps of the puppet Army, the command of a fleet of the Navy and a combat air division of the Air Force in Hwachon, Kangwon Province of South Korea, for six days from April 3 to 8, according to a radio report from Seoul.

This clearly shows that the Kim Yong-sam traitor clique is bringing the situation on the Korean peninsula to a more acute phase of war and confrontation.

The Kim Yong-sam group's plan to play a dangerous war gamble in the area near the Military Demarcation Line at a time when the whole nation is striving to make this year a year when a phase of dramatic turn-around is opened for national reunification, proves what reckless effort it is making in a bid to unleash a war against the northern half of Korea.

The Kim Yong-sam group must stop acting rashly.

### **Appeal for Grand National Conference Supported**

*SK0803102495 Pyongyang KCNA in English 1013  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—Chae Chong-man, chief of the Organisation of the Citizens of the DPRK in Sakhalin, in a statement on Feb. 14 said August 15 this year, the 50th anniversary of national liberation, will mark an important occasion in promoting the cause of national reunification. He expressed full support to the appeal of the joint meeting of the political parties and organisations of the Democratic People's Republic of Korea calling for the holding of a grand national conference and a joint negotiated decision on the way of national reunification.

For a successful August 15 grand reunification festival, he said, the compatriots in the North, the South and overseas should turn out as one in a nationwide struggle for the abolition of the "National Security Law" which defines the fellow countrymen as an enemy and blocks great national unity and reunification.

He vowed to make every possible effort for a successful August 15 grand reunification festival under the leadership of the great leader Comrade Kim Chong-il, true to the behests of the respected leader Comrade Kim Il-song on the accomplishment of the cause of reunification in the 90s.

### **Kim Yong-sun Heads Reunification Festival Group**

*SK0803035295 Pyongyang KCNA in English 2217  
GMT 7 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—A consultative meeting of representatives of political parties and organisations of the Democratic People's Republic of Korea was held here today for a successful holding of the grand reunification festival of the people in the North, the South and overseas on the 50th anniversary of the liberation of the country.

The meeting reconfirmed that the proposal for grand nationwide celebration of the 50th anniversary of national liberation put forward at the joint meeting of political parties and organisations of the DPRK held in Pyongyang on January 24 was a timely and patriotic initiative, which reflects the desire of the entire fellow countrymen to open a new phase for national reunification in this significant year.

The consultative meeting reviewed the activities conducted by political parties and organisations so far to carry the proposal into effect.

It decided to form a North side preparatory committee for the grand national reunification festival to mark the 50th anniversary of national liberation, and elected its members.

Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly of the DPRK, was elected chairman of the North side preparatory committee.

The committee, on behalf of the North side, will consult with political parties, organisations and individuals of South Korea and overseas about all matters related to the grand reunification festival and work to form an organisation to promote the grand reunification festival of the whole nation in which people of the North, the South and overseas will jointly participate.

### **Repatriation of ROK Unconverted 'POW' Urged**

*SK0703105595 Pyongyang KCNA in English 1014  
GMT 7 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—The Human Rights Committee of the Kwangju Christian Federation is conducting a powerful movement for the repatriation of old Kim Yong-tae, an unconverted long-term prisoner, to the North, the South Korean HANGYORE SINMUN said.

The organisation made public the letters to old Kim Yong-tae from his son and old Yi In-mo, a former war correspondent of the Korean People's Army, in the northern half of Korea and demanded that the authorities "send old Kim Yong-tae back to his family in the North from the humanitarian point of view."

It told a recent press conference that the authorities' protracted imprisonment and harsh persecution of old Kim, a POW, who should have been sent back to his hometown according to the international law, was an anti-ethical act. It urged his immediate repatriation.

### **Chongnyon Delegation Departs Pyongyang 4 Mar**

*SK0403235795 Pyongyang KCNA in English 2302  
GMT 4 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 4 (KCNA)—Ho Chong-man, chief vice-chairman of the



Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and his party left here today.

They were seen off at the airport by Kim Yong-sun and other officials concerned.

Before the departure, they laid a bouquet of flowers before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a bow.

#### **Cultural Relations Delegation Returns From China**

*SK0703010495 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 5 Mar 95*

[FBIS Translated Text] A delegation of the Committee for Cultural Relations With Foreign Countries and the DPRK-China Friendship Society, which had visited China, returned home today by train. The delegation was led by Chae Hui-chong, chairman of the State Science and Technology Commission, who is also the chairman of the DPRK-China Friendship Society Central Committee.

Chon Yon-ok, vice chairman of the Committee for Cultural Relations With Foreign Countries, who is also the vice chairman of the DPRK-China Friendship Society Central Committee, and Qiao Zonghuai, PRC ambassador to the DPRK, received the delegation at Pyongyang Station.

#### **Taiwan, U.S. Tourist Delegations Attend Party**

*SK0403052595 Pyongyang KCNA in English 0428  
GMT 4 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 4 (KCNA)—The State General Bureau of Tourism hosted a party at the Mansudae Art Theatre on March 3 for the Taiwanese and U.S. tourist study groups.

Invited there were the Taiwanese tourist study group led by Chang Shihliang, president of the China Cross-Straits Industrial Association, and the tourist study group of the Carlson Wagonlit Travel of the United States led by Thomas Boehm, vice-president of the Carlson Wagonlit Development Company.

Present were Kim Paek-son, director of the State General Bureau of Tourism, and officials concerned.

Speeches were made at the party.

#### **Conclude Five-Day Visit 4 Mar**

*SK0403110895 Pyongyang KCNA in English 1048  
GMT 4 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 4 (KCNA)—The Taiwanese and U.S. tourist study groups consisting of nearly 30 members left here today by plane after winding up their five-day visit to Korea in preparation for the Pyongyang International Sports and Cultural Festival for Peace to be held late in April this year.

While visiting Korea seething with preparations for the festival, the members of the study groups made an overall study tour of scores of objects including grand monumental edifices and sports, cultural and public service facilities in Pyongyang and local areas.

A 120-member tourist study group of Japan had visited Pyongyang late in January for the Pyongyang festival which will be held with a large attendance.

#### **Asian Members of Railways Group Hold Meeting**

*SK0603054095 Pyongyang KCNA in English 0447  
GMT 6 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 6 (KCNA)—A meeting of Asian member states of the Organisation of Railways Cooperation to discuss the trade freight schedule for 1995 was held here from February 27 to March 5.

Participating in the meeting were delegations and delegates of Russia, Mongolia, China, Kazakhstan, Kyrgyzstan and the Democratic People's Republic of Korea.

The meeting reviewed the fulfilment of the trade freight schedule for 1994 and discussed the schedule for 1995.

Also discussed there were practical matters for the fulfilment of the schedule for this year.

It will help toward economic cooperation and closer relations in railway transport of trade freight among the countries.

#### **Sign Cooperation Protocol**

*SK0603054195 Pyongyang KCNA in English 0449  
GMT 6 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 6 (KCNA)—A protocol of the meeting of Asian member states of the Organisation of Railways Cooperation to discuss the trade freight schedule for 1995 held in Pyongyang was signed at the People's Palace of Culture on March 5.

Attending the signing ceremony were delegations and delegates of Russia, Mongolia, China, Kazakhstan, Kyrgyzstan and the DPRK.

The protocol was signed by a delegate of the organisation of railways cooperation and delegates of the countries concerned.

#### **Conclude Meeting, Depart**

*SK0703001795 Pyongyang Korean Central  
Broadcasting Network in Korean 1100 GMT 6 Mar 95*

[FBIS Translated Text] The delegations of Russia, Mongolia, China, Kazakhstan, and Kyrgyzstan which participated in the meeting of Asian member states of the Organization of Railways Cooperation left by train today. Officials concerned saw the delegations off at Pyongyang Station.



**Yun Ki-chong Attends Syrian Anniversary Event***SK0803052195 Pyongyang KCNA in English 0431  
GMT 8 Mar 95*

[“32d Anniversary of March 8 Revolution in Syria Observed”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA) - A meeting and a film show were held here on Tuesday under the sponsorship of the Korea-Syria Friendship Association and the Committee for Cultural Relations With Foreign Countries in celebration of the 32d anniversary of the March 8 revolution in Syria.

Attending the meeting were Yun Ki-chong, minister of finance and chairperson on the Korea-Syria Friendship Association, Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries, and other officials concerned and working people in the city.

Syrian Ambassador to Korea Yasir al-Farah and his embassy officials and Syrian students studying in Korea were present on invitation.

Speeches were exchanged and a congratulatory letter to the Syrian president was adopted at the meeting.

The participants in the meeting saw part 20 of the multipart feature film “The Nation and Destiny”.

**Papers Observe Syrian People's Revolution Day***SK0803102695 Pyongyang KCNA in English 1017  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—Papers here today observe the day of revolution of the Syrian people.

On March 8, 1963 the patriotic Syrian people and soldiers started revolution under the leadership of the Arab Socialist Baath Party, overthrew the corrupt and incompetent government and took the state power.

NODONG SINMUN says in a by-lined article:

For the past 32 years after the revolution the Syrian people have firmly defended the revolutionary gains, defeating the aggressive and provocative moves of the imperialists and Zionists and gained many achievements in building a new society under the slogan of anti-imperialism and sovereignty, national independence and construction of a new society.

The Syrian people are actively striving to consolidate the socio-political stability of the country and establish national sovereignty and territorial integrity under the leadership of President Hafiz al-Asad.

They are powerfully accelerating economic construction, in face of continuous moves of the imperialists and reactionaries against Syria.

The Korean people sincerely rejoice over the achievements gained by the Syrian people in building a new life since the revolution and express firm solidarity with their just cause.

MINJU CHOSON notes in a by-lined article that the Korean people wish the Syrian people greater success in the efforts for territorial integrity and independent development.

**DPRK-Ukraine Friendship Delegation Returns***SK0703012395 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 5 Mar 95*

[FBIS Translated Text] A DPRK-Ukraine Friendship Society delegation led by Kim Hak-sop, post and telecommunications minister, who is also the chairman of the DPRK-Ukraine Friendship Society, returned home today from Ukraine. Yi Song-ho, vice chairman of the Committee for Cultural Relations With Foreign Countries, received the delegation at Pyongyang Station.

**Struggle of NDFSK, ROK Supported in Cuba***SK0703102395 Pyongyang KCNA in English 1011  
GMT 7 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—A meeting for support to the struggle of the National Democratic Front of South Korea (NDFSK) and the South Korean people was held in Cuba recently.

In his speech at the meeting, Rafael Gonzalez Rodriguez [spelling of name as received], president of the Sancti Spiritus Provincial Party School of Cuba, said that invincible is the cause of the NDFSK and the South Korean people who are vigorously struggling, looking up to General Kim Chong-il, the lodestar of national reunification and the great leader, after turning the sorrow of the nation at the loss of President Kim Il-song, a great man of the century, into strength and courage.

He stressed that the Cuban people will as ever stand by the NDFSK and the South Korean people that undauntedly struggle for independence, democracy and reunification.

Pak Kwang-gi, chief of the NDFSK mission in Cuba, was invited to the meeting.

**Anniversary of Fidel Castro's Visit  
Commemorated***SK0803045995 Pyongyang KCNA in English 0423  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—Cuban Ambassador to Korea Ramon Rodriguez Varona and his embassy officials visited the Museum of the Ministry of Culture and Art in Pyongyang on March 7.

The visit came on the 9th anniversary of the Korea visit by Comrade Fidel Castro Ruz, first secretary of the



Central Committee of the Communist Party of Cuba and president of the Council of State and president of the Council of Ministers of the Republic of Cuba.

The visitors, being briefed on the feats performed by the great leader Comrade Kim Chong-il in the domain of literature and art, saw the historical mementoes and materials.

After the visit, the ambassador wrote in the visitor's book that he came to have a good knowledge of how the lofty intention of the respected leader Comrade Kim Il-song has been carried into reality in the domain of culture and art under the guidance of the great leader of the Korean people Comrade Kim Chong-il. He was deeply moved by the exploits Comrade Kim Chong-il performed by putting great energy and heart and soul into the work, he added.

#### **'Revolutionary Progress' of Cuban People Lauded**

*SK0803051395 Pyongyang KCNA in English 0438  
GMT 8 Mar 95*

[**"Anti-Cuba Moves Frustrated"**—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—Papers here today dedicate articles to the 9th anniversary of the visit of Fidel Castro Ruz to Korea.

NODONG SINMUN says in a by-lined article:

Today the heroic Cuban people are advancing under the banner of socialism, smashing down the continuous moves of the imperialists to isolate and stifle them.

Any moves of the imperialists cannot hold in check the revolutionary progress of the Cuban people. The Cuban people set up the "special period of peace time" against the intensified blockade of enemies and accelerate socialist economic construction with their own efforts, overcoming all ordeals and difficulties.

All the achievements of the Cuban people show that the road to socialism chosen by them is correct and any moves of the imperialists cannot block the way of the Cuban people for just cause.

Today the Cuban party, Government and people are vigorously struggling to make this year an epochal year to break the blockade of the imperialists against Cuba.

MINJU CHOSON stresses in a by-lined article that no force can bar the way of the Cuban people who are overcoming all difficulties of the "special period of peace time" and firmly defending socialism with the slogan "Socialism or Death, We Will Win" under the leadership of the Communist Party of Cuba headed by Comrade Fidel Castro Ruz.

#### **Hwang Chang-yop, WPK Delegates Arrive in Nepal**

*SK0603112695 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 3 Mar 95*

[FBIS Translated Text] On 1 March, a delegation of the Workers' Party of Korea [WPK] led by Hwang Chang-yop, secretary of the WPK Central Committee, arrived in Kathmandu, the capital of Nepal, to pay a visit.

The delegation was met at the airport by approximately 300 people, including high-ranking party officials such as Madhav Kumar Nepal, general secretary of the Central Committee of the Communist Party of Nepal/United Marxist and Leninist, who is also deputy prime minister as well as minister of foreign affairs and defense; (Narayan Manpidche), chairman of the Nepal Workers' and Peasants' Party; parliamentarians; the chairman of the Nepalese-DPRK Friendship Association, who is also the director of the Nepalese Chuche Institute; other relevant personages; and a welcoming crowd.

Also on hand at the airport were our country's ambassador to Nepal and embassy staff members.

#### **More on Meeting With Nepal's King**

*SK0803044695 Pyongyang KCNA in English 0401  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—King of Nepal Birendra Bir Bikram Shah Dev and Prime Minister Man Mohan Adhikari praised the great leader Comrade Kim Chong-il when they received on March 3 and 2 a delegation of the Workers' Party of Korea headed by Secretary of its Central Committee Hwang Chang-yop on a visit to Nepal.

King Birendra Bir Bikram Shah Dev said that both Nepal and Korea have many common points in aspiring after independence and in cultural traditions.

He expressed deep condolences over the death of the great leader President Kim Il-song and his hope to learn from the precious experiences of His Excellency Kim Chong-il, the great leader of the Korean people.

Prime Minister Man Mohan Adhikari said: I have a highest regard for the dear leader Comrade Kim Chong-il. He is successfully carrying forward to accomplishment the revolutionary cause of the great leader Comrade Kim Il-song.

The prime minister said the dear leader Comrade Kim Chong-il is indicating the road of accomplishing the global cause of socialism and is setting practical examples in Korea.

He noted that the Nepal Communist Party (United Marxism-Leninism) and the government are finding the road to be followed by them in the famous works of the dear leader Comrade Kim Chong-il.

#### **Officials Attend Meeting on Ghana Independence**

*SK0703045995 Pyongyang KCNA in English 0432  
GMT 7 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—A meeting was held here on Monday to celebrate the 38th anniversary of the independence of Ghana.



Present at the meeting were Kim Tong-kyu, vice-chairman of the State Physical Culture and Sports Commission and chairman of the Korea-Ghana Friendship Association, and other officials concerned and working people in the city.

A speech was made and a message of greetings to the president of the Republic of Ghana adopted at the meeting.

#### **Seminars on Kim Chong-il Work Held Overseas**

*SK0803052495 Pyongyang KCNA in English 0434  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—A joint seminar on the famous work of the great leader Comrade Kim Chong-il "Socialism Is a Science" was sponsored by the Nigerian National Committee for the Study of the Chuche Idea on February 14.

The seminar was addressed by chairman of the Committee Yemi Oyeneye and others.

The speakers said that his excellency the great leader Kim Chong-il gave a most scientific and flawless exposition of the whole course of building a socialist society free from exploitation and oppression, so that the progressive people of the world have found a lighthouse for them.

They stressed that socialism has been frustrated in a number of countries, but scientific socialism is as alive as ever in the minds of the people and it will win victory without fail.

The homeland of genuine socialism is Korea in the East, they said, and added: Korean-style socialism centred on the popular masses is now being consolidated and developed still further under the wise guidance of his excellency the great leader Kim Chong-il.

A seminar on this work was held by the Castelao Philosophy Association of Spain on February 14.

#### **Foreign Leaders Send Greetings to Kim Chong-il**

*SK0503083995 Pyongyang KCNA in English 0800  
GMT 5 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 5 (KCNA)—The great leader Comrade Kim Chong-il received a message of greetings from Ange-Felix Patasse, president and head of state of the Central African Republic, on his birthday.

Comrade Kim Chong-il also received messages of greetings from Thurmer Gyula, chairman of the Hungarian Workers' Party; Sergei Kalyakin, first secretary of the Central Committee of the Party of Communists of Belarus; Shodi D. Shabdolov, chairman of the Central Committee of the Communist Party of Tajikistan; and Pyotr Simonenko, first secretary of the Central Committee of the Ukrainian Communist Party.

Messages of greetings also came to Comrade Kim Chong-il from the Central Committee of the Communist Party of Kazakhstan and the Political Executive Committee of the Socialist Party of Kazakhstan.

The messages extend warmest congratulations to Comrade Kim Chong-il and wish him a long life in good health.

#### **Kim Chong-il Sends Thanks to Soldiers, Surgeons**

*SK0803044595 Pyongyang KCNA in English 0420  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to the soldiers of the Choe Tok-kil Unit, Yu Chae-chun Unit and Kwon Yong-su Unit of the Korean People's Army and the surgeons and nurses of the Kim Chong-won Hospital for their examples set in displaying the traits of the traditional unity between the Army and the people.

They showed their utmost sincerity in helping railway workers and farmers and in saving people from the jaws of death.

At meetings to convey thanks, speakers said that the thanks sent by the respected supreme commander carry the noble love with which he always has great belief in People's Army soldiers and puts them forward and his great hope that they will make the country and the motherland more prosperous and defend them firmly.

They hardened their determination to hold the respected supreme commander in high esteem and become rifles and bombs to defend him with their lives, wearing the honour of today deep in their hearts.

#### **Thanks Unit Officials, Workers**

*SK0603052895 Pyongyang KCNA in English 0445  
GMT 6 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 6 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to the party organisation and leading officials of the Foreign Ministry, officials of the North Hwanghae Provincial Committee of the WPK [Workers Party of Korea], officials of Unjon County, North Pyongan Province, Choe Chang-chin of the cooperative trading company of the Ministry of Commerce and other units and working people for their example in giving full play to the traditional unity between Army and people.

The units and working people who received his thanks had visited units of the People's Army and hardened their determination to hold in high esteem Comrade Kim Chong-il with loyalty and filial piety in one mind, deepening warm feelings with officers and men of the People's Army.

#### **Sends Birthday Table to Woman**

*SK0603101295 Pyongyang KCNA in English 1000  
GMT 6 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 6 (KCNA)—The great leader Comrade Kim Chong-il sent



a birthday table to Kim Mun-son, a 106-year-old woman residing in Sinchon County, South Hwanghae Province.

The birthday table was conveyed to her on Sunday [5 March].

The old woman was moved to tears, upon receiving the benevolent birthday table which was a great honor to her who has lived for 106 years without worries about food, clothing and housing, benefiting by the free medical assistance system, under the warm care of respected General Kim Chong-il.

She and her family, relatives and villagers renewed their determination to make the country, the motherland, more prosperous, remaining loyal to the leadership of the great General Kim Chong-il.

### **Kim Il-song Work on Rural Issues Studied Abroad**

*SK0803101995 Pyongyang KCNA in English 1009  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—“For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses”, a famous work of the great leader President Kim Il-song, was reported by the Tanzanian paper *MFANYA KAZI* [spelling of paper as received] and the Ghanaian paper *WEEKLY SPECTATOR*.

President Kim Il-song gave a detailed explanation of the necessity, tasks and ways of strengthening the ideological, technical and cultural revolutions in the countryside for the ultimate solution of the rural question and the form and method of converting cooperative property into public property.

Seminars on this work were held at the Malagasy Society for the Study of the Chuche-Based Literature and Art, the Group for the Study of the Chuche Idea of African Students in Mali and the Harare, Zimbabwe, Centre for the Study of the Chuche Philosophy.

Noting that this work is a great programme which indicates the most correct way of solving the rural question, the speakers said that the historical tasks put forward by President Kim Il-song in the rural theses are now being successfully fulfilled by the great leader Comrade Kim Chong-il.

Lecture meetings were held by the Arab Art, Culture and Information Association of Egypt and the Zairean Youth Group for the Study of the Chuche Idea upon the lapse of one year since this work was published on Feb. 24, 1994.

### **Compliance With Kim Il-song's 'Behests' Urged**

*SK0803051095 Pyongyang KCNA in English 0448  
GMT 8 Mar 95*

[“NODONG SINMUN Calls for Fulfilling President Kim Il-song's Behests for Reunification”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—It is the will and unshakable faith of the great leader Comrade Kim Chong-il to fulfil without fail the intention of the fatherly leader President Kim Il-song in his lifetime to present our people with the country's reunification, says *NODONG SINMUN* in a by-lined article today.

What is most important in keeping the timetable of reunification in the '90s which our nation proclaimed to the world is to achieve great national unity, the article says, and continues:

Let us achieve the great unity of the whole nation—this is the slogan our nation should hold high in the struggle for the accomplishment of the cause of achieving national reunification in the '90s, true to the behests of the great leader President Kim Il-song.

It is important in achieving great national unity, above all, to fully implement “10-point programme of the great unity of the whole nation for the reunification of the country” put forward by the great leader. The programme is a fair great charter of national unity and the banner of reunification which embodies the three principles of national reunification and reflects the love of the nation and the spirit of national independence. Anyone who wants the peace and peaceful reunification of the country must rise up in the struggle for implementing the programme, irrespective of the difference in ideology, idea, political view and affiliation.

Only when all the Koreans in the North, the South and overseas make a dynamic march toward reunification in one mind, transcending the difference in ideology, system and religious belief under the banner of the programme, is it possible to wipe out the separatist forces at home and abroad and open a decisive phase of national reunification.

If our nation is to reunify the country in the '90s, it is imperative to confirm the way of reunification common to the nation. It is of weighty significance in making a breakthrough in reunifying the country in the '90s to celebrate the 50th anniversary of national liberation as a grand common festival of all the Koreans at home and abroad, convene a grand national conference involving representatives of all political parties, groupings and social strata in the North, the South and overseas during the festival and discuss and confirm the way of reunification common to the nation. Through the grand celebration of the anniversary as a common festival of the nation, all the fellow countrymen at home and abroad will affirm before the eyes of the world that they are members of the same nation who cannot live separately and will advance toward reunification, reconciled and united with each other. If representatives of the nation gather and confirm the common way of reunification, it will be possible to pool the nation's desire and strength of reunification and ensure a joint action of all the fellow countrymen in the reunification movement. All the people who hope for national reunification must turn out



as one in the struggle for successfully holding the great reunification festival marking the 50th anniversary of national liberation, united closely on the basis of the common idea of the nation and the patriotic spirit for reunification, irrespective of their residence, job, ideology and religious belief.

All the Koreans in the North, the South and overseas must struggle more vigorously to accomplish the cause of national reunification in the '90s, which is what the fatherly leader intended in his lifetime, under the guidance of the great leader Comrade Kim Chong-il.

#### **'Essay' Praises 'Song of General Kim Il-song'**

SK0803103595 *Pyongyang KCNA in English* 1026  
GMT 8 Mar 95

["May 'Song of General Kim Il-song' Be Sung Through Ages"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—We will loudly sing "Song of General Kim Il-song" through all ages whenever and wherever, in days of glory and in days of ordeal, for the eternal dignity and pride of the great Kim Il-song nation and the everlasting prosperity of our country of chuche, our socialist motherland which is shining with his august name, says NODONG SINMUN in a political essay today.

The essay further says:

"Song of General Kim Il-song" is an immortal song of our nation which has lived through history and looked forward to the future.

Our people had never acclaimed such a great man as the great Comrade Kim Il-song in their history of thousands of years.

Today, after the fatherly leader Comrade Kim Il-song passed away, our people sing "Song of General Kim Il-song" more earnestly and loudly than in the time when he was alive, with the faith that he will always be with us.

The great leader Comrade Kim Chong-il said:

"We must hold the great leader Comrade Kim Il-song in high esteem forever through generations, for a hundred, a thousand years, and do all work as he did."

The father of our nation who founded its first state is King Tangun and the founder of socialist Korea is the great leader Comrade Kim Il-song.

Apart from the great leader, we cannot think of the homeland of chuche, Korea, throwing its brilliant rays on the whole world as a great country where socialism centred on the popular masses has been built, or of the high dignity, honor, and pride of our nation.

Comrade Kim Il-song is the great savior of our nation, the great pioneer of the prosperity of our nation and the great defender of the happiness of the generations to come.

It is the immutable faith of our people that he is alive not only in the mind of our people but will always be with us actually forever.

The idea of the great leader Comrade Kim Il-song is the best, his feats are the dearest and the Korean nation glorified by him is the best for our people.

"Song of General Kim Il-song" is song of General Kim Chong-il, and vice versa forever.

We see the great immortality of the fatherly leader who will always be with us, hearing "Song of General Kim Il-song" which is sung more solemnly and loudly as the time flows in the idea, leadership and personality of the great leader Comrade Kim Chong-il who is successfully carrying forward to accomplishment the revolutionary cause of chuche started by the great leader Comrade Kim Il-song, possessed of both literary and military accomplishments, loyalty and filial devotion never known in the east and the west.

The relations between Comrade Kim Il-song and us are like those between the sun and stars.

There can be no star without the sun. Stars shine only by reflecting the sunlight.

Let us arm ourselves more firmly with the revolutionary idea of the great leader Comrade Kim Il-song!

Let us make more prosperous our land of chuche, our socialist motherland shining with the august name of the great leader!

This is the great faith and unshakable will of our glorious party and the immortal song of praise for the great leader.

The great leader Comrade Kim Il-song will always be with us.

#### **Kim Il-song Revolutionary Activity Exhibit Opens**

SK0803101695 *Pyongyang KCNA in English* 1005  
GMT 8 Mar 95

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—A new exhibition room showing a package deal of the brilliant revolutionary activities of the great leader President Kim Il-song who is immortal along with the chuche cause of army building has been arranged at the Revolutionary Museum of the Ministry of the People's Armed Forces.

It concentrically shows the great exploits of army leadership of President Kim Il-song who accomplished the chuche cause of army building, set a world-wide example in creditably guaranteeing the popular masses' cause of independence by arms and put his heart and soul into army building to the last moments of his life.

On display are over 40 pieces of valuable historic relics and 70 pieces of historic materials showing the president's outstanding leadership of the army and materials concerning his death.



Hanging on the front wall of the room is the picture of President Kim Il-song, the ever-victorious, iron-willed brilliant commander, with a beaming face like the sun, embracing soldiers of the People's Army and it is inscribed with the letters of faith "The great leader Comrade Kim Il-song will always be with us".

Exhibited are typical materials showing the historic facts that the president established the unique military idea, theory and tactics in his early years, founded the chuche-based revolutionary Armed Forces by embodying them, defeated the two formidable imperialisms and strengthened and developed the Korean People's Army into an ever-victorious strong army.

Among them are photographs of the leader taking over two pistols used by his father from his mother, the leader proclaiming the foundation of the anti-Japanese people's guerrillas, the leader during the fatherland liberation war and the leader returning a salute to the parade ranks celebrating the 60th foundation anniversary of the Korean People's Army, photographs of the final offensive operations for the historic liberation of the country and heights 1211 and 351 battles and data comprehensively showing his exploits in army leadership.

Also on display are works of the great leader on military affairs including "Let Us Strengthen the Companies of the People's Army" and "Let Us Firmly Guarantee the Chuche Revolutionary Cause by Force of Arms" and photos showing his noble virtues of looking after People's Army soldiers with his fatherly love.

On show are materials on the immortal leadership activities of President Kim Il-song for accomplishing the cause of army building in 1994, the last year of his life, letters of pledge and letters of People's Army soldiers carrying their iron will to singleheartedly remain loyal to the respected supreme commander Comrade Kim Chong-il, true to the behests of the president, and photo and newspaper materials showing the creditable features of officers and men of the three services.

#### **Kim Chung-nin Attends Closing of Sports Event**

*SK0803050095 Pyongyang KCNA in English 0428  
GMT 8 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA)—The "Paektusan Prize" sports contest which opened here on Feb. 1 ended on March 6.

The contest is an annual event to celebrate the birthday of the great leader Comrade Kim Chong-il (Feb. 16).

In the contest three players renovated world records in short track speed skating and four players beat Asian records in the same event.

Signal achievements were made in volleyball, basketball, handball, table-tennis and other events.

The closing ceremony was attended by Secretary Kim Chung-nin of the Central Committee of the Workers' Party of Korea.

#### **Attends Women's Day Meeting**

*SK0803035495 Pyongyang KCNA in English 2227  
GMT 7 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA)—A national meeting was held here today to mark the 85th International Women's Day (8th of March).

It was attended by secretary of the Central Committee of the Workers' Party of Korea Kim Chung-nin, vice-premier of the Administration Council Kim Pok-sin, anti-Japanese revolutionary fighters, heroines and working women in the city.

The participants paid a silent tribute to the memory of the great leader President Kim Il-song, who performed brilliant exploits in the history of the Korean women's movement.

Kang Kwan-son, secretary of the Central Committee of the Korean Democratic Women's Union, made a report.

The reporter said:

The great leader Comrade Kim Il-song wisely led the Korean women's movement. He defined the question of women as liberating them from all manner of class exploitation, national oppression, social inequality and subjugation, fully providing them with independent rights, educating them in a revolutionary way and assimilating them to the working class so that they may be independent and creative beings.

Comrade Kim Il-song's chuche-oriented idea of women's liberation is a very revolutionary and great idea, which was the first in the history of the women's movement to clarify how to solve the question of women finally through class liberation and social equality. His idea and policy on the solution of the question of women have been steadfastly carried through the whole course of the Korean revolution and the Korean women's movement.

The great leader Comrade Kim Chong-il made sure that the women were guided to discharge their duty and role as a component of the driving force of the revolution by enhancing their position and role in response to the demand of the developing revolution at a time when the building of socialism had been deepened and efforts for the accomplishment of the revolutionary cause of chuche had reached a new stage. Under his leadership, the women have grown to be dependable revolutionaries and able workers responsible for the building of socialism and communism.

Under the loving care of our party, all children are growing happily in nurseries and kindergartens at state and social expenses, and women are fully displaying their creative talent in all spheres of socialist construction, freed from the heavy burdens of household chores.

All the women must actively contribute to stepping up socialist construction, becoming a harmonious whole with respected General Kim Chong-il.



To terminate the division of the nation and reunify the country is the supreme task of the Korean people.

We must reunify the country in the 1990s at any cost on the three principles of independence, peaceful reunification and great national unity so that his behests can be carried into reality on this land.

Denouncing the attempt of the Japanese Government to bury in obscurity the crimes committed by Japanese imperialism in the issue of "comfort women for the army," with a few amount of money, she said: We will fight it out to solve this problem in conformity with the desire of all the Korean women and the nation.

The reporter declared that the Korean Democratic Women's Union and the Korean women would constantly strengthen friendship, unity and international solidarity with the women of different countries, including those of the socialist countries and nonaligned countries and the countries fighting for the restoration of socialism, on the basis of the idea of independence, equality and socialism.

#### **Power Plant Using Streams Begins Operation**

*SK0503091695 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 2 Mar 95*

[FBIS Translated Text] Correspondent An Ki-chun of the Central Broadcasting Network reports that, upholding the party's intention to build small-to-medium-size plants in every corner of the country, Kim Chong-suk County built an excellent power plant using mountain valley streams, a source formerly neglected.

Wondong Power Plant, which began operation only a few days ago, was built using water flow calculations from the driest season. Thus, the plant is able to normalize production even in winter. Electricity produced by Wondong Power Plant is used not only for lighting purposes in the Wondong area and adjacent farm houses, but also for production. The remaining electricity will be sent to some plants and enterprises in towns of Kim Chong-suk County in the future.

The county is making the most out of the large amount of its self-produced electricity, which the county had to previously receive from the state.

#### **South Korea**

#### **Government Plans on Participating in NSG**

*SK0803042995 Seoul MAEIL KYONGJE SINMUN in Korean 8 Mar 95 p 5*

[By reporter Chang Kyong-tok]

[FBIS Translated Text] The ROK Government plans to become a member of the Nuclear Suppliers' Group [NSG], an international body for controlling atomic energy exports, as early as this year.

Once the ROK becomes an NSG member, domestic exporters of nuclear power facilities, parts, technologies, and industrial equipment that can be diverted for nuclear production, will be required ask for guarantees from buyer countries that the products will be used for peaceful ends in accordance with the International Atomic Energy Agency safeguards.

Transactions for such materials between NSG member countries, however, will be easier, and some items will be exempt from having to be approved.

According to the ROK Foreign Ministry, Ministry of Trade and Industry, and related departments on 7 March, the ROK Government plans to establish a control system on imports and exports of atomic energy materials by August of this year and will complete the procedure for participating in the NSG within this year.

A relevant Foreign Ministry official said: "The government is deliberating over NSG membership and relevant government agencies are conducting preparations for the process."

A Ministry of Trade and Industry official said: "We are working to establish a control system on import and export of atomic power materials by August."

(Yutoliaga), chairman of the NSG and a Spaniard, visited the ROK with a group of suite members early this month and met with Yi Si-yong, vice foreign minister, and relevant ROK Government officials. He also checked ROK preparations for NSG membership in relevant government agencies.

As soon as the import and export control system is established, the ROK Government will apply for membership to the chair-state Spain. Since the existing member states have welcomed the ROK's application, membership is expected to be granted within this year.

#### **LWR Planning Team Leader Interviewed on KEDO**

*SK0803080795 Seoul KYONGHYANG SINMUN in Korean 8 Mar 95 p 5*

[Interview with Choe Tong-chin, director of the ROK Light-Water Reactor (LWR) Planning Team, by unidentified ROK correspondents in New York on 6 March]

[FBIS Translated Text] [Correspondent] Have the ROK, the United States, and Japan—the three members of the Korean Peninsula Energy Development Organization [KEDO] Executive Council—mapped out a plan for the operation of KEDO, including fund-raising?

[Choe Tong-chin] Fund-raising and other practical matters can be discussed after KEDO is inaugurated. So far, we have discussed expenses for the operation of KEDO.

[Correspondent] Will most of the countries that will participate in the meeting to prepare for KEDO's inauguration participate in KEDO?



[Choe] The meeting is designed merely to explain the goals of KEDO. Australia and New Zealand have disclosed the amount of funds they will donate. This virtually means they have expressed their intention to join KEDO. Russia has expressed its intention to participate, while the PRC has decided not to.

[Correspondent] Will North Korea's liaison officials be stationed in KEDO?

[Choe] Another round of North Korea-U.S. expert-level talks will take place this month. Such technical matters will be discussed there.

[Correspondent] What countries will participate in KEDO and why?

[Choe] Australia, New Zealand, and other Asia-Pacific countries intend to finance KEDO because the North Korean nuclear problem is a matter concerning regional security. European countries consider the North Korean nuclear problem to be a global issue related to maintaining the Nuclear Nonproliferation Treaty system. Middle East countries seem to be interested in this matter because they feel threatened by North Korea's exports of missiles.

[Correspondent] Would you elaborate on the functions of KEDO's Executive Council, General Assembly, and Advisory Committee as well as the relations between them?

[Choe] The Executive Council, composed of the ROK, the United States, and Japan, is the supreme decision-making body; these three countries will each have veto power. This means the council can only pass a bill when all three members agree. The General Assembly will be composed of all members. However, it merely plays an advisory role. The Advisory Committee will be formed with member countries depending on their functions. Still, the committee will play an advisory role.

#### **Kim Says Seoul Ready for 'Active Role' in UN**

MS0803110795 London *THE TIMES* in English  
8 Mar 95 p 15

[Report by David Watts incorporating interview with South Korean president Kim Yong-sam, in Seoul, date not given: "Seoul Offers Peace Troops For Seat on Security Council"]

[FBIS Transcribed Text] South Korea is ready to deploy its troops in support of United Nations peacekeeping operations if it wins a seat as a temporary member of the United Nations Security Council.

President Kim Yong-sam pledged his country's full participation in UN activities and the backing of its 660,000 troops on the eve of his arrival here, a visit that the Koreans see as vital in launching their country into the first rank of nations.

High on the agenda is winning British support for the coveted Security Council seat, which should go to Sri Lanka as the next Asian representative. Interviewed in the Korean presidential palace, the Blue House, a target for North Korean commandos, the President was clearly revelling in the fruits of a life of extraordinary political struggle that has included long periods of house arrest, hunger strike and even a clandestine mountain climbing association as cover for a democratic political activity under martial law.

As leader of a democratic state, President Kim believes not only that South Korea is ready to look the mother of parliaments in the eye, but can also claim Seoul's right to a Security Council seat. In any event Korea, he feels, owes a debt of gratitude to the world body for rescuing it from Communist domination during the Korean War.

"I think the British Government can exercise significant influence in the resolution of this matter because of its existing links with Commonwealth countries and because of the British Government's status in the international community," he said. Noting that Sri Lanka had been on the Security Council before, President Kim said the timing would be "significant in several aspects".

"First of all, we are fully prepared to contribute to international peace and security through an active role in the UN, including peacekeeping operations. Second, the inter-Korean relationship is now very delicate and if we become a member of the United Nations Security Council we can more effectively contribute to the peaceful resolution of North Korea's nuclear issue. But most of all we are fully prepared to contribute to the resolution of the problems that the global village is faced with in terms of poverty, disease and other welfare issues."

Korea will join the Organisation for Economic Co-operation and Development next year, lifting it out of its intermediary status between the developing and developed world, and is pressing hard for its candidate, Kim Chul-su, to become the first Secretary-General of the new World Trade Organisation. This reflects the ambitions of a country which boasts an increasingly powerful economy and whose conglomerates are now thrusting out across the world much as Japan's did a decade ago.

By the end of the decade Pohang, Korea's top steel-maker, plans to eclipse Nippon Steel as the world biggest manufacturer, and the country's three leading carmakers plan to double their production to six million units. Britain is already the largest recipient of Korean investment in the European Union and the President intends that his visit should also boost EU two-way trade, which runs at \$23.5 billion (15 billion pounds) a year.

Korea is home to some of the world's most successful shipbuilders and computer chip makers, and President Kim believes that his country has overtaken Japan in its democratisation and in cleaning up the sometimes murky connections between business and government.



**\* Aspects of Kim Chong-il Succession Explored**

952C0066A Seoul SINDONG-A in Korean Feb 95 pp 216-225

[By reporter Song Mun-hong: "The Puzzle of Kim Chong-il Keeping His Head Down"]

[FBIS Translated Text] "Why is it that Kim Chong-il has not yet assumed the posts of the head of state and the general secretary of the party?" This is a question most frequently asked in conversations about North Korea these days. That is because, in view of the characteristics of political power, it is inconceivable that the head of state post, which cannot be left vacant even a day under a regular state system, has been left unoccupied for more than seven months. But speculation of our experts on this matter linked to the official completion of the Kim Chong-il power succession so far proved to be false each time.

In the view of most of the experts, since the death of Kim Il-song, there have been no indications, at least outwardly, that anything is amiss with Kim Chong-il's succession. Nevertheless, the fact that he has not yet assumed those posts have prompted some to claim, cautiously though, that "something is amiss."

A government official in charge of a North Korea-related section revealed on condition of anonymity his theory about "a virtually emasculated Kim Chong-il." According to him, while the work for a Kim Chong-il personality cult appears going on smoothly, some members of the party Political Bureau, in fact, hold the reins of government, exercising real power.

To back it up, the official cited these things: 1) a report delivered by Kye Ung-tae, party secretary in charge of public security, at a central report meeting marking the 20th anniversary of the publication of a classic work by Kim Chong-il, held on 25 August last year in the Cultural Palace of the People; 2) a report made by Hong Song-nam, vice premier, at a meeting marking the 46th anniversary of the founding of the DPRK Government, held on 9 September last year in the 8 February Cultural Hall; and 3) the fact that Pyongyang substituted a "joint editorial of party, military, and youth journals" for a New Year's address for 1995.

First, the following are relevant passages in the Kye Ung-tae report: (boldfacing done by this writer)

"With all important matters arising in general state work, including party, government, and military work, we must establish strict rules of reporting to the dear comrade leader through party organizations and of acting on them in accordance with the decision made thereof."

"Party work is arranged and propelled through party organizations. Party organizations play a pivotal role in ensuring the party leadership over the revolution and construction."

"Important in enhancing the functions and role of party organizations is to strengthen the collective leadership of

the party committees. Party organizations should step up collective consultations for the implementation of policies and decisions of the party committees, enhancing decisively the accountability and role of committee members."

"We all must unite firmly around the party Central Committee centered on Comrade Kim Chong-il, the dear leader, and strengthen and develop our party into a forever glorious Comrade Kim Il-song party, a revolutionary party of chuche."

**Kim Il-song "Directed"; Kim Chong-il "Decides"**

Standing out here is the emphasis on the "rule of the party." Needless to say, this expression had existed even before Kim Il-song died, but the Kye Ung-tae report stressed it unprecedentedly, said the official. According to him, the report, while finding the basis of Kim Chong-il's succession in an "earnest call on the people and posterity" in the teachings left by Kim Il-song, suggests that the future power structure will head for the rule of the party based on collective consultations and guidance of the party committees.

Also, the report referred to the "Comrade Kim Il-song party" but made no mention of a "Comrade Kim Chong-il party." This, in the official's interpretation, suggests that Kim Chong-il is failing to get hold of the party as firmly as his father did. Of the three members of the Standing Committee of the party Political Bureau, which had functioned as North Korea's supreme power organ, Kim Il-song is now dead and O Chin-u is dying, leaving Kim Chong-il alone. This shows that the role of the Standing Committee has come to an end; currently, some Political Bureau members are acting for them, according to the same source.

Meanwhile, the Hong Song-nam speech of 9 September can also be viewed in the same light, said the official. In it, 1) the speaker stressed at length the "immortal achievements" in the anti-Japanese revolutionary struggle and the anti-imperialist national liberation struggle allegedly made by Kim Il-song in the course of founding the republic. Thus stirring up the memory of the late leader, he said: "'Entrusted' by the party Political Bureau, I, in the name of the party Central Committee and the government of the republic, extend my warm greetings to all the people who have waged a devoted struggle for the founding and the strengthening and development of the republic." Thus, the speaker reaffirmed that the Political Bureau is the supreme power organ. 2) He also stressed that "we must firmly unite in one ideology and will around the party Central Committee centered on Comrade Kim Chong-il," again clearly indicating, according to the source, the direction of system management toward the "rule of the party," not the unitary rule as in the Kim Il-song days.

In this connection, a high-ranking official in the Ministry of National Defense said:



"Frankly speaking, we may say that Kim Chong-il's power is about 70 or 60 compared with a 100 for Kim Il-song's. In other words, Kim Il-song's position was to 'direct' exclusively by his own will on whatever was at issue, while Kim Chong-il's is to 'decide' on which to pick from plans presented to him after lower-level discussions. It might be difficult to say for sure that Kim Chong-il's power is unstable now, but at least the situation is different from what it used to be in the Kim Il-song days."

Also, the "joint editorial of party, military, and youth journals" substituting for a 1995 New Year's address was, in short, a call on the people to overcome the shock and sorrow from the death of Kim Il-song and to unite around Kim Chong-il and strive to implement the teachings he left.

Here again, the emphasis was on the theme of "accelerating the march in the new year holding aloft the leadership of the great party" and on the "party leadership," but there was no mention of some tasks or a vision appropriate to an era bringing in a new leader.

Endless rumors of Kim Chong-il's health problems are also viewed as fueling speculation that his power is in an unstable state. The point is that although he has been consolidating his power base for more than two decades, would the inner circles of the North Korean power hierarchy be ready to trust and follow him as their supreme leader if he had health problems? Especially, rumors that he has a seizure occasionally because of brain damage from a fall from his horse several years ago are counted among the alleged fatal flaws disqualifying him as a leader.

With regard to Kim Chong-il's health conditions, he reportedly is a pudgy-type person of an abnormal character, 165 cm tall and weighing 85 kg, with a proclivity to violence, emotional instability and other self-inflicted stresses. All sorts of unconfirmed speculation that have circulated about his alleged ill health also included references to heart problems, stomach diseases, and paralysis.

The latest allegation in that connection was that when People's Armed Forces Minister O Chin-u went to Paris for medical treatment, he carried Kim Chong-il's medical record with him. It was followed by rumors that two North Korean medical experts were granted entry visas by French authorities.

Kim Chong-il was seldom seen publicly following his father's death, and when he showed up on a few occasions, he appeared to be ill and haggard. This also fueled speculation about his health problems. (For Kim Chong-il's activities following the death of Kim Il-song, see the list below.)

#### **Movements of Kim Chong-il Following Kim Il-song's Death**

1994:

11 July—Paid homage to the remains of Kim Il-song, accompanied by party, government, and military leaders (at the Kumsusan Assembly Hall); received foreign diplomatic representatives in North Korea (headed by the Syrian ambassador).

13 July—Again paid homage to the remains, along with military officers and men, and people of various strata; issued a directive to complete the construction of Tangun Mausoleum by 3 October, in the name of Kim Il-song's posthumous instructions.

14 July—Received funeral workers and Chongnyon condolence delegates, accompanied by party and government cadres.

17 July—Received more funeral workers and overseas Koreans' condolence groups, accompanied by party and government cadres.

19 July—Attended the Kim Il-song funeral (at the Kumsusan Assembly Hall).

20 July—Attended the central memorial rally for Kim Il-song (at the Kim Il-song Plaza); immediately after the funeral, met and talked with the secretary general of Italy's Institute of International Relations, (Carlo Ellia Ballori), and the president of SEGYE ILBO, Pak Po-hui. \* Not publicly seen thereafter until the 100-day memorial rally (16 October).

16 October—Attended the 100-day memorial rally for Kim Il-song (at the Kumsusan Assembly Hall).

20 October—Instructed First Vice Foreign Minister Kang Sok-chu, in Geneva attending the third-phase negotiations with the United States, to sign the basic agreement reached.

28 October—Sent a letter of gratitude to all the people having expressed condolences on the death of Kim Il-song.

29 October—Inspected Tangun Mausoleum, accompanied by party secretaries Choe Tae-pok, Kim Ki-nam, and Kim Kuk-tae.

1 November—Inspected the bridge over the Chongnyu river (Hyonsu Bridge) upon the completion of the first-phase construction, accompanied by party secretaries Kye Ung-tae, Han Song-yong, Choe Tae-pok, Kim Ki-nam, and Kim Kuk-tae; gave instructions for an early start of the second-phase construction.

1 November—Published his treatise "Socialism Is Science" (in NODONG SINMUN 4 November). [dates as printed]

6 November—Hosted a banquet in honor of the delegation to the Geneva negotiations (headed by First Vice Foreign Minister Kang Sok-chu).

9 November—Issued "Order No. 0051 of the supreme commander of the Korean People's Army [KPA]" in an



"important broadcast"; gave instructions that the second-phase construction of the bridge over the Chongnyu river and the Kumnung No. 2 cave construction be completed by the 50th anniversary of the founding of the party (10 October 1995).

18 November—Replied to the condolence telegrams to the 100-day memorial rally from the leaders of some 60 countries, pro-North Korea political parties and organizations.

31 December—Made a remittance of 100.35 million won in educational assistance funds to Chongnyon.

1995:

1 January—Visited KPA 214th Unit, met by Choe Kwang, chief of the general staff, and Yi Pong-won, deputy director of the KPA General Political Bureau (full general); set forth the task to strengthen the political ideology of the military.

Note:

- Boldfaced parts known to Western media;
- It was confirmed that Kim Chong-il continued to act as the supreme leader even during the period from the 20 July memorial rally through the 16 October 100-day memorial rally;
- In this period, through Vice President Pak Song-chol visiting Libya from late August through early September, exchanged greetings with the presidents of Sudan and Mali who were attending Libya's Revolution Day celebrations (1 September), acting as the virtual chief of state;
- On 5 and 6 September, sent high-ranking cadres of the party and government in force to the Yonbaek Plain, South Hwanghae Province, for firsthand information on preparations at cooperative farms for the impending harvesting and to encourage agricultural workers, among them Premier Kang Song-san, Vice Presidents Yi Chong-ok and Kim Yong-chu, Vice Premier and Minister of Foreign Affairs Kim Yong-nam, KPA Chief of General Staff Choe Kwang, and party secretaries Kye Ung-tae and Han Song-yong;
- On 16 September, received reports on recent activities of the Chonchon County commercial management office, the originator of the "Chon Chun-sil movement," commending efforts of the office chief, Chon Chun-sil, and other workers concerned.

#### Majority View: Kim Chong-il Power Stable

However, a large majority of North Korea experts agree that they see no indications that anything is amiss with Kim Chong-il's power. Kwon Nyong-hae, director of the Agency for National Security Planning, reportedly told a general meeting of the National Assembly intelligence committee that "the delay in Kim Chong-il's succession is not because of any health problems nor a power struggle inside the North Korean leadership. He indeed suffers from some adult people's diseases, but not so seriously as to be disabled to perform his duties. We see

no signs of anything being amiss inside the North Korean power hierarchy either."

Those viewing Kim Chong-il's power base as being solid for now insist that, in view of the intrinsic nature of the North Korean political system emphasizing the "leader-party-people" unity, it is quite natural that the aforementioned reports by Kye Ung-tae and Hong Song-nam stressed the "rule of the party." Of all the official reports delivered in the past, they argue, there has been none that did not highlight the party.

In this connection, an executive of a *chaebol* [conglomerate] planning to set up operations in North Korea said that "I heard from an agent of our company in Beijing that Kim Chong-il himself, considering the mourning period he was in, had given instructions that his name not be mentioned publicly." In other words, he gave thought to the possibility of giving the North Korean people the impression that he had been waiting for his father's death should his name come to the forefront right away.

Furthermore, in the general perception, it was simply impossible for Kye Ung-tae and Hong Song-nam to independently make such reports highlighting the "party leadership." It is not too much to say that among the elite of the present North Korean power circle there is virtually no one unrelated to Kim Chong-il directly or indirectly. For instance, Yi Pong-won, regarded as one of the next-generation military leaders, worked in his early days with Kim Chong-il in the party Organization and Guidance Department, which is part of a compulsory course for the North Korean elite. (An expert said that attention should be paid to the fact that Kim Chong-il was met by Yi Pong-won when he inspected a military unit on 1 January this year.)

Thus, under the circumstances in which Kim Chong-il has placed his men in all key posts, there is, in fact, no one who could dare rise in revolt against his power nor a potential new leader who could replace him. According to analysts, an abrupt problem with Kim Chong-il under the present circumstances could lead directly to the fall of the power circle itself.

From the standpoint of the North Korean elite, if a problem should occur with Kim Chong-il (due to health problems, for instance), whether it occurs after his assuming the two top posts or afterward would make a big difference. If a power vacuum should develop after his official succession, the elite group would be able to maintain control to some extent. However, if a problem should occur before the succession, it could lead to a collapse of the North Korean system itself because there is no one who can take his place. Such a catastrophe could not be the wish of the elite, they say.

#### Reason for Delay in Succession

Meanwhile, regarding the joint press editorial published as a substitute for a New Year's address, analysts note



that it cannot be a basis for speculating anything being amiss with Kim Chong-il's power. In the past, no New Year's address was delivered on seven occasions altogether—1957 and 1966 through 1970 and 1987. Moreover, in analysts' interpretation, it would be inappropriate if there were a New Year's message delivered in the name of Kim Chong-il at a time when his succession is yet to be made.

In fact, there are many indications that Kim Chong-il's power base is solid. The best example is the meticulous, carefully worked-out diplomacy with the United States which Pyongyang demonstrated in a series of developments in December last year. North Korea on 11-12 December allowed Sen. Frank H. Murkowski (R) and Sen. Paul Simon (D) to visit Pyongyang by a U.S. military plane, then to travel through Parnunjom to Seoul, for the first time since the Armistice Agreement was signed. On 30 December, it returned Chief Warrant Officer Bobby Hall, pilot of the U.S. helicopter that crash-landed in North Korea on 17 December.

Through these actions, Pyongyang scored significant diplomatic successes, say most of the North Korea experts. Sen. Murkowski, who had been known to be a hard-liner, "conceded" at a Seoul news conference that his visit to Pyongyang had partly altered his view about North Korea. Over the return of Chief Warrant Officer Hall, they say, North Korea could: 1) establish a precedence of direct negotiation with the United States, and 2) gain good mileage in propaganda designed to strengthen the internal unity. In the process of returning Hall, North Korea called Deputy Assistant Secretary of State Thomas Hubbard to Pyongyang for political negotiations; it had refused to negotiate through the Military Armistice Commission despite the fact that the issue was a violation of the Armistice Agreement.

According to experts, the series of events prove that structurally, North Korean policies are being made by the power center's close calculations, and consequently the possibility is remote of internal friction or any undercurrent of power struggle existing over a policy direction issue involving the United States.

Then, why is Kim Chong-il delaying his succession? An internal document prepared late last year by a research institute of a *chaebol* planning to set up operations in North Korea lists the following as possible reasons:

First, in the North Korean system, official titles are less important; under the concept of the leader, the party, and the people's forming one body, most important is the post of the leader who exercises real power. Kim Chong-il has apparently been acting as the leader since the death of Kim Il-song and, for this reason, he possibly sees no need to attach particular significance to his assuming the posts of the party general secretary and the head of state.

Second, at a time when the halo of Kim Il-song remains strong, it is necessary for Kim Chong-il to make maximum use of it. Doing so will also give him an opportunity to successfully carry out instructions left by Kim

Il-song and thereby demonstrate his abilities as the real leader and successor of Kim Il-song.

Third, there is a need for time to prepare for the start of the Kim Chong-il era in a magnificent style. In connection with such preparations, several things stand out, including: 1) The people will be imbued with the conviction that by thoroughly implementing Kim Il-song's posthumous teachings North Korea can preserve its system even after his death. 2) There is a need for time to get the elite power class still hanging on to vestiges of the Kim Il-song era to completely shift their hearts toward Kim Chong-il. 3) A detailed new decision-making process and a new policy structure are yet to be worked out. And 4) Funds have to be raised for gifts to be distributed to the people in celebration of the Kim Chong-il inauguration.

Fourth, although negotiations with the United States reached a settlement, North Korea cannot expect under the present circumstances surrounding its international relations that the inauguration will draw a satisfactory level of foreign attendance.

In other words, Kim Chong-il sees a need to enhance stability in foreign relations by pushing for further progress in U.S. ties and, through it, to win himself international recognition as the new leader.

In this connection, a government official cited a "China factor," saying:

"In the Chinese view, North Korea's long-term stability is most desirable. And to that end, China feels that North Korea should make reforms as it did. It feels that reforms are necessary to prepare for post-Kim Chong-il eras, too, but in Pyongyang's position, it is difficult to carry out full-scale reforms. So, if China should send no delegation to the inauguration or send a lower-level person, it would mean a serious loss of face internally and externally. I heard that that is what is causing the delay."

Fifth, judging from the way he looked on television following his father's death, Kim Chong-il apparently is in ill health. So, health problems, and the time required to resolve them, could be a factor responsible for the delay. Also, since North Korea apparently lacks internal preparations to deal with the emergency should illness disable Kim Chong-il, it is possible that Pyongyang sees the need for preparations for yet another succession issue and related rectification of internal systems.

#### **Speculations on Length of Mourning Period Vary Up To Three Years**

After all, reasons for the delay in the official succession can be summed up in these two: the "rule by the posthumous teachings" of Kim Il-song and the "need to coordinate the timing." Regarding the first reason, Yi Chong-sok, researcher at the Sejong Research Institute, said:



"In North Korea, a nepotist state, the absolute loyalty to and trust of the head of the family is only a matter of course. This is the very factor being exploited in various ways, including as a basis for Kim Chong-il's 'benevolent' government. While many posthumous teachings of Kim Il-song have been made public lately, they, after all, boil down to a final message: Kim Chong-il's succession."

With regard to the substance of those teachings, experts cite three major themes: nuclear negotiations with the United States, completing the Tangun Mausoleum project, and overcoming the economic crisis. And experts are unanimous in saying that since the first two have basically been fulfilled successfully, the most important task now is to overcome the economic crisis. North Korea's current push for the development of the Najin-Sonbong region can be viewed in this context.

At a plenum of the party Central Committee in December 1993, North Korea acknowledged the failure of the Third 7-Year Plan (1987-93) and proclaimed Three First's—agriculture, light industry, and foreign trade—and designated the subsequent three years (1994-96) as a buffer period.

Commenting on Pyongyang's efforts to overcome the economic crisis, Tong Yong-song, senior researcher at the Samsung Economic Research Institute, emphasized that there is the need to watch future moves of the North Korean military. He said:

"In my view, currently Kim Chong-il's biggest power base is the military. That is because the only official post that Kim Il-song gave him before he died was that of the KPA supreme commander. This could have helped the military increase its influence relatively; at the same time, it could disprove that Kim Chong-il is left unable to wield as much power as Kim Il-song did. In fact, rumors circulating among our businesses planning to branch out into North Korea have it that the delay in North-South economic cooperation programs is due to objections by the North Korean military."

The researcher also referred to the part in the New Year's joint editorial stressing that "in revitalizing the local economy, the role of the military is important." This, he said, could indicate that Kim Chong-il has begun recognizing the importance of the role of the military in the economic sphere. Or it could signal a conversion of idle facilities of the munitions industry—which takes a considerably large portion of the North Korean economy—into production facilities. It could also be interpreted, he said, as meaning that each enterprise, when making production plans, should exercise more flexibility in the allocation process for military and civilian supplies.

Then, when will the Kim Chong-il succession come officially? Most of the experts shook their heads, in short indicating that "there is no telling when."

Some guesses are possible though. They are: 1) around Kim Chong-il's birthday, 16 February; 2) around Kim

Il-song's birthday, 15 April; 3) early July after the first anniversary of Kim Il-song's death; 4) around the DPRK Government founding anniversary, 9 September; and 5) the party founding anniversary, 10 October.

One of the biggest holidays in North Korea is indeed 16 February but, in view of the current efforts to make maximum use of Kim Il-song's posthumous teachings in government, the likelihood is slim. As for 15 April, it is the time when the U.S. liaison office will officially open in Pyongyang and, for that matter, could bring some visible positive effects on negotiations with the United States; however, the general view is that Pyongyang would be too much pressed for time to prepare for a magnificent inauguration. Early July is a highly possible timing, in view of the behavior of the present North Korean leadership directly linking Kim Il-song's death to Kim Chong-il's succession. But again no one knows for sure.

Some even forecast a "three-year mourning period." They say that under the pretext of observing a three-year mourning period to bring the rule by Kim Il-song's posthumous teachings to perfection, North Korea would try to make the most of the buffer period—and come on the stage wearing a new look toward the end of 1996.

Taken into account in this observation are internal and external factors such as these: Under the present circumstances, North Korea is not likely to convene the next party congress—the sixth congress was held in 1980—for the time being; Pyongyang may announce a fourth 7-year plan upon the expiration of the buffer period, setting the stage for Kim Chong-il to set forth policies of his own; and the transfer of core technology on the light-water reactors will have been made about that time.

### Three Different Perceptions

North Korea is perceived roughly in three different ways. Some view it as a normal state, others as an abnormal state, and still others see it with what they call inherent criticism. Those viewing it as a normal state make their observations on the premise that its state system is normal. In this perception, it is simply incomprehensible why the posts of the head of state and the party general secretary are left vacant for as long as seven months. Those viewing North Korea as an abnormal state think that it is a freak state regarding which the general common sense does not work. It is like a rugby ball, they say, and no one knows which way it will bounce the next moment.

What is called inherent criticism is a methodology of critics who first employ the North Korean logic to understand developments in North Korea, then comment on them in their logic. This methodology, generally accepted among scholars of leftist leanings in the latter half of the 1980's, lost much of its ground upon the collapse of the socialist bloc.

Nevertheless, it is still considered a correct methodology among young scholars on grounds that measuring North



Korea with our yardstick alone apparently has its limitations. Basically, as far as North Korea is concerned, information available is clearly limited, but only when efforts are made to understand its logical structure and behavioral mode as much as possible can the "North Korea watch" make a good start, they assert.

Meanwhile, our government's North Korea-related offices and the academic community still seem to be unable to show a clearly defined "methodology for the North Korea study." That is because even experts groups too often come up with conflicting analyses, assessments, and prospects showing differences in their inclinations.

These circumstances make it simply impossible to find even a reasonably close answer to "why Kim Chong-il is deferring his official succession." But, more importantly, if we fail to address the question properly, we will find it difficult to work out our strategies to deal with the Kim Chong-il era, and further, strategies to prepare for "post-Kim Chong-il eras."

**North Festival Organizers Seek To Telecast Event**  
*SK0803124595 Seoul YONHAP in English 1152 GMT 8 Mar 95*

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—The North Korean and Japanese organizers of the Pyongyang International Sports and Cultural Festival, slated for April 28-30 in Pyongyang, try to see to it that Japan and many other countries telecast it live or with recorded tapes.

A source at the Korean community in Japan said Wednesday [8 March] the plan is based on an agreement on the Pyongyang Festival, which was signed by the two organizers in Pyongyang on last Feb. 13.

The North Korean organizer of the festival is the Committee for Peace in Asia and the Pacific headed by Kim Yong-sun and the Japanese organizer the New Japan Pro-Wrestling Co. led by Dietman Kanji Inoki, the source said.

The agreement stipulates that the festival will kick off in an opening ceremony on the afternoon of April 28 at the May 1 Stadium in Pyongyang. The ceremony will be followed immediately by pro-wrestling matches.

On the second day, April 29, there will be more pro-wrestling duels plus closing activities.

The third and last day will be a "Choson (Korea) Day" on which various folk plays, group gymnastics and field plays by Pyongyang youths and students are slated.

During the festival period, foreign participants will have opportunities to tour Mt. Paektu, downtown Pyongyang, Kaesong and Myohyang and Kumgang Mountains, according to the agreement.

The organizers say the festival is designed to build up understanding and solidarity among the peoples of world

countries under the themes of self-reliance, peace and goodwill, and also to contribute to peace in Asia and the world through expanded exchanges of sports and culture.

**NUB Studies Ways To Supply DPRK With Grain**  
*SK0803071895 Seoul YONHAP in English 0520 GMT 8 Mar 95*

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—The government is looking into ways to implement President Kim Yong-sam's offer Tuesday in Berlin to supply North Korea with raw materials, grain and other daily necessities on a long-term low-interest loan basis.

Reasoning that a high- or working-level inter-Korean meeting is needed for effectuating the offer, the administration is studying ways to promote a get-together of South and North Korean authorities while closely watching for a North Korean response to the proposal.

The National Unification Board [NUB] held a senior officials' meeting Wednesday morning to consider what steps the government may take in regard to the offer of President Kim.

Vice Premier and Unification Minister Na Ung-pae said, "it is hoped that the North will affirmatively respond to the offer. Although no separate proposal is being studied to discuss the offer, inter-Korean dialogue should take place in one form or another to realize it."

Dialogue between the South and North Korean Governments should be held to lay the groundwork for reconciliation and cooperation and to build confidence between South and North Korea, Na added.

A National Unification Board official explained that President Kim's offer is an outgrowth of his plans for the common national development he mentioned in his speech on Aug. 15 last year, commemorating the 49th anniversary of the country's liberation from Japanese rule.

"To translate the proposal into action, South and North Korea should confer either through a previously proposed format or a new one," the official said.

**NUB Conducts Poll on Outlook on DPRK Market**  
*SK0803041495 Seoul THE KOREA HERALD in English 8 Mar 95 p 2*

[FBIS Transcribed Text] South Korean businesses have become more cautious about their investment in North Korea.

About 60 percent of South Korean companies plan to postpone investments in North Korea until after they are assured that their investment will be protected.

On the other hand, 17.1 percent plan to invest in North Korea now, though South and North Korea have yet to



enter into accords on investment protection and the avoidance of double taxation, according to a recent survey.

These are some of the findings in the survey of 107 South Korean companies conducted by the National Unification Board [NUB] from last December to February. The outcome of the survey was made available yesterday.

In a similar survey conducted early last year, 33.7 percent said they would invest in the North though there was no protective arrangement.

Little progress in the inter-Korean relations, despite the agreement between Pyongyang and Washington to freeze the North's nuclear program last October, has made South Korean businesses become more cautious about their investments in the North, a NUB official said.

The poll also showed that about 80 percent of the respondents wanted to make investments of less than \$2 million at an initial stage.

Some 54 percent said they plan to spend less than \$1 million, while 25 percent said their investment would range from \$1 million to \$2 million.

To advance inter-Korean economic cooperation, 68.6 percent said it is necessary for South and North Korea to agree on the legal protection of investments.

It was followed by provision of information on investment in North Korea (14.3 percent) and the streamlining of investment procedure (9.5 percent).

In addition, 67.6 percent of the surveyed firms selected Pyongyang and Nampo as the most attractive regions for their investments as they have better infrastructure than other areas, according to the survey.

Only 20.6 percent said they hope to invest in the Najin-Sunbong area which North Korea opened to foreign investors.

When allowed to enter North Korea, 48.1 percent of the respondents said they will seek to make joint-venture investments with their North Korean partners and share management, while 23.6 percent said they wish to establish wholly owned corporations.

Nearly half the respondents said the shared management will reduce investment risks for South Korean firms.

The North Korean industries in which South Korean firms want to make investments are light industries (74.5 percent), agro-fisheries (14.1 percent) and mining (3.8 percent).

Political instability in the North topped the list of factors hindering Pyongyang's effort to induce foreign capital with 56.5 percent.

#### **DPRK Delegation Holds News Conference in U.S.**

*SK0803024595 Seoul YONHAP in English 0033 GMT 8 Mar 95*

[FBIS Transcribed Text] Los Angeles, March 7 (YONHAP)—North Korea is prepared to accept a visit to the

North by Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, if proposed by him, a senior North Korean official said here Tuesday.

Yi Chong-hyok, vice chairman of the Asia-Pacific Peace Committee, told a press conference, "if Chairman Kim Tae-chung proposes a visit to North Korea, there will be an affirmative response."

However, Yi, who has toured the United States since Feb. 22 leading a four-member delegation, made the remark when asked about unconfirmed reports that Kim Tae-chung has been invited to visit the North, after saying, "although the matter has been talked about, no formal invitation has been extended."

At the press conference held at the Universal Sheraton Hotel prior to the mission's return home, Yi said, "through this visit we have confirmed that an absolute majority of Americans genuinely want to see improved relations with North Korea and are ready to cooperate to that end."

Referring to his team's contacts with Americans in various walks of life, he said, "unexpectedly, they displayed a positive attitude that the United States and North Korea should develop a new relationship burying their past hostility."

Applications for visits to North Korea by ethnic Korean businessmen residing in the United States have sharply increased since late last year, he disclosed and added that their investments in the North will be welcomed as they would contribute toward national unification.

The Pyongyang delegation which includes Chon Kyong-nam, vice chairman of the Korean Committee for Aiding Overseas Compatriots, arrived in New York on Feb. 22 at the invitation of the Canku, a center for "correct understanding" of North Korea. The group departed for Beijing Tuesday aboard a United Airlines Flight after touring Washington, Atlanta, Chicago and Los Angeles.

#### **Developments in Financial Negotiations With U.S.**

*SK0803035895 Seoul THE KOREA TIMES in English 8 Mar 95 p 8*

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The United States has urged Korea to play a model role in the successful conclusion of the multilateral financial negotiations now under way under the auspices of the World Trade Organization and to allow all foreign financial institutions, including banks, securities houses, investment trust firms, credit rating companies and investment advisory companies, to open subsidiaries here.

The United States made the formal request when it held financial policy talks with Korea in Washington last week, according to the U.S. Treasury Department and the Korean Ministry of Finance and the Economy.



But Korea said it was unable to permit foreign bankers and brokers to open subsidiaries at this stage and that no additional licenses have been issued either to Korean or foreign firms to deal in investment trust, credit rating and investment advisory services. Currently, only foreign insurance firms are operating subsidiaries here although all foreign financial firms are able to enter the Korean market in the form of liaison offices or branches.

The United States also asked Korea to permit foreign brokers here to open multiple branches, to which request Seoul gave no specific response, according to participants.

Washington also called on Seoul to allow foreign banks to be regulated on the basis of their global capitalization, not branch capital in Korea. The Korean side did not want to change the current formula at this time but it agreed to consider incorporating retained earnings and reserves of foreign banks here as part of their branch capital. This would pave the way for them to expand business here as most of their operations such as issuance of certificates of deposit, payment guarantees and lending to single borrowers, are linked to their capital.

The United States said foreign banks here want to be able to obtain more local currency funding and asked Korea to ease its control on CD issuance quotas and maturity structures. The Korean side said the CD issue was addressed in keeping with the financial reform plan and Korea would look again at the issue within the context of the Uruguay Round financial services negotiations.

Korea also said it would see what could be done to make the inter-bank call money market more effective, according to participants.

Seoul also agreed to shorten the one-year waiting period that is needed for a foreign bank representative office to apply to become a branch. But it said it was unable to change the current capitalization requirement for each foreign bank branch as it is linked to the stability of foreign banks. Currently, foreign banks are able to open multiple branches but each branch must be separately capitalized for prudential regulatory reasons.

The U.S. side also asked Seoul to be more quick and transparent in its process of allowing foreign financial institutions here to introduce new products and services and Seoul agreed to look at the issue to make the process smoother, participant said.

Assistant Finance-Economy Minister Sin Myong-ho represented the Korean side and Assistant Treasury Secretary Jeffrey Shafer headed the U.S. side.

Seoul agreed to shorten the current two-year waiting period for representative offices of foreign securities companies seeking to become branches here. Seoul promised to permit foreign brokers to lower the current

"high" capital requirement when they open branches here as is stipulated in the financial market-opening and liberalization program.

Seoul said the so-called economic need tests (ENT) requirement may be eliminated sometime in the near future when foreign brokers apply to open branches. Korea is able to bar eligible foreign brokers from opening branches here by citing domestic economic reasons.

Foreign banks here want to issue credit cards freely and Seoul said it will review the issue. Seoul promised to issue a guideline on the establishment of automobile installment finance companies by the end of this month. It also agreed to raise the foreign stock ownership ceiling from the current 12 percent to 15 percent sometime this year and to increase it further next year, emphasizing that it has no plan to reduce the ceiling, according to Assistant Finance-Economy Minister Sin Myong-ho, who attended the meeting.

In the meeting, Sin made it clear that Korea will stick to the implementation of the pre-announced financial market-opening and liberalization program but it is unable to accommodate U.S. proposals going beyond the preannounced program.

The Korean side asked the United States to simplify its cumbersome licensing requirements for Korean financial institutions and complained that the U.S. multi-layered regulatory structure is quite complicated and time-consuming for Korean banks. Seoul also said that Korean banks in Chicago are prohibited from opening shop inside the Chicago Loop Zone where the majority of the Korean residents live.

Korea complained that the U.S. Community Reinvestment Act puts too great a burden on the Korean banks in the United States because they must lend money to unprofitable low and moderate income neighborhoods. Seoul also wants uninsured Korean banks in the United States to be allowed to engage in retail deposit activities.

Korean securities companies in the United States have difficulty in doing business there because the U.S. Securities & Exchange Act does not include Korean securities in their net capital.

The U.S. Treasury Department was not so specific in suggesting ways to solve the Korean complaints but Korean officials say they await a positive U.S. response in the near future.

**Russian Request for Embassy 'Exception' Rejected**  
*SK0803040495 Seoul YONHAP in English 0140 GMT 8 Mar 95*

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—Following the recent U.S. request for lifting the restrictions on its new embassy site in downtown Seoul, Russia has also filed a similar request with the Seoul city government regarding its mission building site.



During a meeting Tuesday afternoon, Russian Ambassador Georgiy F. Kunadze asked Seoul Mayor Choe Pyong-yol if the city's rules, limiting the buildings' height to five stories at the former Paejae High School site where the new Russian embassy is to be built, could be lifted, city officials said Wednesday.

The ambassador also inquired about the possibility of making an exception to the rules requiring non-educational buildings to be constructed on a former school site to set aside 20 percent of the site for community or public use.

Mayor Choe told Kunadze that the city government has no choice but to deal with the matter according to domestic laws and rules, irrespective of international treaties, and would not make any exceptions, the officials said.

The U.S. Government earlier requested that the city government change the residential status of its new embassy site to a commercial zone. From the lucrative profit of selling a commercial business site, they can build a new embassy building on another site. The price of a site for commercial use is up to three times higher than that of the site for residential use.

#### **Talks Opened With PRC on Fishing Issues 8 Mar**

*SK0803024495 Seoul YONHAP in English 0103 GMT 8 Mar 95*

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—Fisheries officials of South Korea and China met here Wednesday to discuss ways to secure orderly fishing in the Yellow Sea, situated between the two countries which have no fixed agreement on fisheries or boundaries of territorial waters.

South Korean officials said that during the three-day talks they will ask for the Chinese authorities to take measures to eliminate illegal fishing in the South Korean waters in the Yellow Sea by hundreds of Chinese fishing boats.

The talks will address a variety of bilateral fisheries issues including ways to protect and control fisheries resources, ensure safe fishing, provide shelters in case of emergency and handle maritime accidents, according to the officials.

An Hyo-sung, deputy director general of the Ministry's International Economic Affairs Bureau, will head the South Korean delegation to the talks while Yang Jian, deputy director general of the Fisheries Bureau of the Ministry of Agriculture, will represent the Chinese side, according to the officials.

An said that he will brief reporters on the outcome of the Seoul-Beijing fisheries talks at the end of the talks Friday afternoon.

However, he did not expect the talks to produce an agreement on how to set the boundaries of territorial waters between the two neighboring countries, but will handle more the urgent issues of illegal fishing, protection of fisheries resources and safe fishing.

#### **Parties 'Discreetly Seeking' Breakthrough**

*SK0803072795 Seoul YONHAP in English 0535 GMT 8 Mar 95*

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—The ruling and opposition parties are discreetly seeking ways to find a breakthrough to their three-day confrontation triggered by the opposition members' "detention" of the National Assembly speaker and vice speaker to block the government party's attempt to pass an election-related revision bill through the legislature.

A clear sign of an immediate negotiation has yet to be seen, but both parties agree that they must find a solution as soon as possible to normalize the tense political situation, even by way of a behind-the-scenes contact.

The ruling Democratic Liberal Party (DLP) has begun to show a positive attitude towards opening multifaceted dialogue channels with the opposition Democratic Party (DP).

But the government party still demands the lifting of the DP's detention of the National Assembly Speaker Hwang Nak-chu and Vice Speaker Yi Han-tong as a prerequisite to the bipartisan dialogue.

In the meantime, the opposition DP is moving to amend its own strategy toward the ruling camp, while considering dispatching a 12-man "political negotiation team" to the DLP. On Tuesday, DP President Yi Ki-taek proposed an open debate session to be televised live nationwide on the DLP-prepared revision bill, which calls for the banning of political parties from nominating candidates in the local elections for basic administrative units.

DLP Chairman Yi Chun-ku told reporters Wednesday morning that his party proposal for a meeting between three key post holders with the DP is still effective, expressing hope that a bipartisan negotiation could still happen if the opposition party accepts the DLP proposal for the key members meeting.

But he maintained the negotiation will be possible only when the DP lifts its "illegal detention" of National Assembly speakers and cooperates for normal parliamentary operations.

DLP Secretary-General Kim Tok-yong also joined the chairman's demand for an immediate termination of the DP's action, but he did not rule out the possibility for interparty contact.

The ruling party is reportedly planning to attempt a behind-the-scenes contact with DP President Yi, in a separate endeavor from the proposed three key members meeting.



A DLP official who wanted his name unidentified noted, "it is necessary to contact close aides to the DP president.

On the other hand, National Assembly Speaker Hwang is scheduled to call into his official residence the floor leaders of both parties to seek negotiations for the opening of the special parliamentary session Thursday.

#### **Kim Tae-chung on Parties Nomination in Elections**

SK0803090095 Seoul YONHAP in English 0843 GMT 8 Mar 95

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, criticized the government and ruling party Wednesday [8 March] for their move to keep political parties away from autonomy elections of the basic administrative units.

Referring to the ruling Democratic Liberal Party's [DLP] move to revise the integrated election law to that effect, Kim asserted that "The ruling camp cannot avoid political misunderstanding from the people with local elections drawing near."

"No Government in the world bans political party's nomination for the candidates," Kim claimed in a pre-released manuscript he will deliver to a special lecture during a lent service at Myongdong Cathedral in downtown Seoul Wednesday afternoon.

He insisted that the necessity for the political parties' nomination was already verified by the people and the agreement was made by the ruling and opposition parties as well as the Central Election Management Commission.

The former opposition leader then expressed hope that the government and ruling party will make a wise judgment to bring the current political turmoil under control.

In a related development, DLP President Yi Chun-ku reaffirmed the necessity of the banning of political parties in fielding their candidates for the local elections.

Yi said that if the political parties are involved in the elections for the basic administrative units, that will transform the local autonomy into a political arena for political parties.

Yi made the remark in a convention of the DLP's Seoul District chapter held at the Little Angels Cultural Hall in Seoul Wednesday afternoon.

#### **DLP Criticizes Election Remarks**

SK0803124495 Seoul YONHAP in English 1110 GMT 8 Mar 95

[FBIS Transcribed Text] Seoul, March 8 (YONHAP)—The ruling Democratic Liberal Party [DLP] on

Wednesday [8 March] charged that Mr. Kim Tae-chung, chairman of the Asia-Pacific Peace Council, did not mention the illegal holding of the assembly speaker and vice speaker by some opposition Democratic Party [DP] solons during his discussion of the current bipartisan confrontation over the local election issue.

"We take notes of the fact that Kim Tae-chung who had professed not to engage in politics any further, stressed the need of the nomination by political parties of candidates for all local elections, but failed to make any mention about the illegal holding of the assembly speaker and vice speaker," DLP Spokesman Pak Pom-chin said.

Pak said in a comment that by failing to discuss the illegal action by DP legislators, Kim Tae-chung would hardly escape the suspicion that he tacitly supports such action or that the illegal action has taken place at his own suggestion.

#### **\* Specialists Preview Major 1995 Political Events**

952C0065A Seoul SISA JOURNAL in Korean 5 Jan 95 pp 20-25

["A Foreseen Weather Map: Politics in 1995"—SISA JOURNAL headline]

[FBIS Translated Text] Nineteen ninety-five will be a politically tumultuous year for sure. First, there will be the local autonomy elections held virtually for the first time. In particular, the gubernatorial and mayoral elections, ushering in a decentralization era, are likely to alter the nation's political landscape drastically.

Which party will win in the elections is a matter of great concern. The general public is also eagerly looking forward to knowing whether a political realignment—a subject of intense debate since the start of the Kim Yong-sam government—and whether a new political party of Fifth and Sixth Republic forces will materialize.

Another concern of the public is whether Kim Tae-chung [KTC], currently board chairman of the Asia Pacific Foundation, will indeed return to politics. Amid conflicting phenomena—KTC himself has repeatedly denied it but political circles view his comeback as a *fait accompli*—public concerns are not ready to subside.

Meanwhile, changes and progress in North-South relations will likely have a vital impact on domestic politics. Moreover, the constitutional amendment debate, currently dormant, lies in ambush, like a time bomb. Here is an outlook on 1995 with the pending five major political issues based on analyses by experts and reporters. (Editor)

#### **Local Elections**

Yi Hong-chol, board member of the Korea Research Center says that voter turnout which is on the rise is likely to favor the opposition



Nineteen ninety-five will see the whole country swept by the heat of the local autonomy elections that took a long time coming. Of the scheduled elections, the gubernatorial and mayoral elections are the first in 34 years. It is true that local elections were held in this country 34 years ago but, considering political and social changes since, it is by no means an easy task to preview the upcoming ones. One thing is clear though, and it is that the public's political concerns will escalate temporarily. Especially, the gubernatorial/special city mayoral elections are incomparably more important than the local assembly elections. It can be said that they have a more direct bearing on residents' livelihood than the general and presidential elections. In particular, the turnout will increase of middle-class and college-graduate voters, who have been either critical of or showing a scornful apathy toward elections since the beginning of the 1990's. Consequently, the voter turnout promises to go higher than at the times of the recent by-elections and local assembly elections.

The elections are going to be held under the revised election laws. This means that they will be held not in an atmosphere of wining and dining characterized by bribes but in a rather calm atmosphere. Therefore, with high-age voters in small cities, towns and townships—who in the past were apt to ride on the banquet atmosphere—it is highly possible that fewer of them will turn out to cast their ballots. Meanwhile, the voter turnout will be heavier but not as heavy as in the 1992 presidential election. These changes will favor the opposition more than it does the government. That is because the middle-class and college-graduate voters whose turnout is expected to be heavier tend to be relatively critical of the government while high-age voters in small cities, towns, and townships whose turnout is generally expected to go down have a tendency to be passively pro-government.

#### **Diverse Voting Styles as Never Before**

In the coming elections, it is expected that the balloting will be affected by the fact that the four elections—gubernatorial/special city mayoral elections, basic-level mayoral elections, provincial/special city assembly elections, and basic-level assembly elections—are held simultaneously. Although it is not easy to predict the voter response to this fact, a few possible patterns are foreseeable. First, the four elections will bring voters an overload of information. Generally, people respond to an overload of information in two ways—an unprincipled judgment from a sense of helplessness or a simplified judgment. In the 1995 elections, many voters will likely feel a sense of helplessness and tend to rely on the judgment of persons around them or on the media. Consequently, voters will on the one hand probably be influenced by media more than ever before and, on the other, show a simplified judgment pattern by giving priority to the gubernatorial/special city mayoral elections, considering on that basis their choices in the other elections. In other words, the possibility is high that their

voting in the basic-level mayoral elections and the assembly elections will be determined by whom they vote for in the gubernatorial/special city mayoral elections. For example, if they decide to vote for an opposition candidate for the provincial governor/special city mayor, they are likely to pick a ruling party candidate for the basic-level mayor, or vice versa. And, if they cast their ballot for a ruling party candidate for the mayor, they will likely settle on an opposition candidate in the assembly election, or vice versa. Thus, the anticipated patterns point to a possible divided voting.

The 1995 elections have a potentially symbolical, major political significance in that they can be viewed as a prelude to the 1996 general election and the 1997 presidential race. However, what voters need is a "mayor/governor for their livelihood." Needless to say, they do not belittle the candidate's political status. For instance, a poll jointly conducted by SISA JOURNAL and the Korea Research Center indicates that 49.6% of Seoul residents think that "the publicly elected Seoul mayor has greater influence than the prime minister" while 43.1% think the other way. This trend appears to favor the ruling party that maintains webs of personal connections among administrative bureaucrats. But, in view of the fact that the political significance of the governor/mayor post comes in the spotlight in the final phase of the campaigns, the ruling party is always confronted with the danger of losing the edge.

Furthermore, the coming elections will likely be vulnerable more than ever to a variety of other factors such as the check and balance logic and the ballots cast to punish and defeat a certain candidate, which can reverse the flows at any time.

It is difficult to foresee the scheduled local elections in one word. The dynamics involved are so complex. Compounded by the trends of voter apathy toward politics and the diversifying political inclinations in the 1990's, they will show more diverse voting patterns than any elections in the past. In that sense, they will mark an important milestone in our political and electoral culture.

#### **Political Realignment**

Political analyst Ko Song-kuk sees the RDP faction as 'the eye of the typhoon,' a time bomb minus its detonator.

The current need for a realignment of political forces reflects the instability of the present two-party structure. As all know, the Democratic Liberal Party [DLP] is a party hastily put together through a three-party merger in the course of Kim Yong-sam's drive toward the presidency. Likewise, the birth of the Democratic Party [DP] was a result of Kim Tae-chung's effort to overcome the limitations of a regional party in his presidential bid. One may say therefore that the political lives of the two parties expired upon the conclusion of the presidential



race. Nonetheless, the two parties, DLP and DP, continue to exist. Why? The answer is that a party can find an alternative.

As the three-party merger demonstrated vividly, a political realignment is a double-edged sword for forces resorting to it as a way to overcome a political disadvantage and reverse the situation. It could be a powerful card for a party to overcome unfavorable political dynamics; at the same time, it could be a drastic prescription sending it on a path to a fall. Considering these points, it is difficult to expect a realignment carried out at an early date despite the present instability of the two parties.

The possibility is very high of the latent needs for a realignment coming to the fore because of the complex political dynamics in the DLP. The central question about future change in the DLP's intraparty dynamics is whether the DLP, entering the period of power transfer, will keep the present structure, a leftover from the three-party merger. The RDP [former Reunification Democratic Party] faction in 1992 had Kim Yong-sam for its presidential candidate; today it has no one who can be a candidate as powerful. So, it will in fact be compelled to make a retreat from the power center—a retreat that, once made, could lead to a decisive fall.

There is absolutely no reason why the RDP faction should voluntarily make a suicidal choice like that. At least in the current political dynamics, the faction has the capability of making a much better choice. It might temporarily reduce the faction to the status of a minority party in power, but it is, one may say, still better than living the remainder of the doomed life as a minority faction in the ruling party. Needless to say, all this is feasible only if the RDP faction has political calculations assuring it of its stay in power.

It is unlikely that the RDP faction can stay in power all by itself. But, if it should succeed in forging a panreform force as it expands its reform drive, it will perhaps be possible.

#### **New TK Force Party Also a Big Variable**

In pursuing these strategies to stay in power, a key factor for the RDP faction is its political determination. In other words, it has to put a detonator on the time bomb called political realignment. If it chooses to do so, the first thing that comes to our minds is that it will possibly lead to the appearance of a new political party, a TK (Taegu-North Kyongsang force) party. According to reports, a rough sketch of the new party in the offing is an independent conservative party, which will pave the road to a three-party system with the "anti-DLP, non-DP" sentiment of the Taegu-North Kyongsang region as its weapon. Furthermore, the new party move has the implications that if the TK force should find it difficult to seize power on its own, it would be prepared to accept an alliance with the Honam [Cholla provinces] force to put itself in a vote-casting position.

For two reasons, however, a new TK party is unlikely to be a political threat. First, it will be unable to put up a political leader or a presidential candidate comparable with the two Kims [Kim Yong-sam and Kim Tae-chung]. Second, it will be difficult for the new party to have justifiable moral foundations for itself. Therefore, it is possible that some TK politicians who have failed to get party endorsements for their candidacy will form a new party, but the party thus formed is unlikely to become a threat in the political arena.

In a political realignment, the DP will inevitably be a dependent variable. This is because the DP, or any specific faction in it, is unable to independently alter the overall political structure. The only exception will be when Kim Tae-chung returns to politics and becomes a presidential candidate. But, to have him do that, the present DP is too small as a base for him; therefore, an inevitably necessary condition will be for the DP to carry out an internal reorganization. However, in view of the fact that Kim Tae-chung's comeback itself is realistically an extremely difficult matter, such reorganization can hardly emerge as an immediate variable.

For these bottlenecks, a political realignment can be compared to a time bomb minus its detonator. The question is who is going to put the detonator on it; for now, it seems to be the RDP faction in the DLP.

#### **KTC's Return to Politics**

Professor Yim Hyok-paek of Ehwa University discusses the pros and cons: opinions divided four ways; KTC's choice drawing attention.

Kim Tae-chung is undoubtedly the politician being watched most despite the fact that he is currently not in politics. To help the public form a fair judgment, it is necessary to put in perspective current controversies over the question of KTC's political comeback.

Opinions being expressed on this question now are divided roughly in four ways. The first opinion is that KTC has already returned to politics. People of this opinion cite activities of the Asia Pacific Foundation concerning democracy in Asia and South Korea as well as KTC's interests in the North-South reunification issue, asserting that he is already back to political activities. They say so because there can be no political issues larger than democratization and North-South reunification.

The second opinion is that he should return to the political front and that it is his obligation to do so. People of this opinion say that at a time when the reform program of the Kim Yong-sam government is on the wane and democracy is weakening, and when it is felt more keenly than ever that the opposition should be more active to revitalize the reform movement, DP Chairman Yi Ki-taek remains unable to show an alternative to the government's reform policy. Therefore, they insist that KTC who has a national support base



should make a full comeback and reassert the opposition's role to check a reform program on the loose and present the people a feasible alternative. Their point is that if the present political structure, excluding KTC artificially who has a significant share of influence in Korean politics, should be left unabated, politics would inevitably develop a false image and the people's right of choice would continue to be violated.

The third opinion is that for practical reasons, KTC cannot return to politics. They argue that the past elections proved that his political base is limited, that as long as a regional schism continues to determine the nation's electoral political configurations, he cannot after all forge a majority coalition. Korea's regionalism is unsymmetrical. While KTC virtually monopolizes the Honam region, the Yongnam [Kyongsang provinces] region—unlike in the past—currently has no one representing it monopolistically. As long as the Taegu-North Kyongsang region remains outside the KTC grass roots, it is impossible even for an alliance of KTC and a TK leader to win a majority in an election. Consequently, they say, unless a revolutionary change is made in the present electoral political structure, there is no way of KTC's comeback being realized.

#### **"KTC Phenomenon" Is Reality: Controversies Are Undemocratic**

The last opinion is that KTC should not return for the sake of Korea's political development. The notion here is that it is his obligation not to. It is based on a perception that KTC had accomplished his historical mission when he brought democratization to Korea, that it would only push back Korean politics if he should try to hang on to politics at this point of time when his mission has expired.

The conclusion we can draw from the controversies over the KTC issue is that the controversies themselves are undemocratic. That is because, in a democratic society, no one should be excluded outright from democratic competition, and positive participation of as many people as possible is seen as ideal. Especially, excluding a leader like KTC with political wisdom, statesmanship and national support means a loss of political resources. In the Sixth Republic days, the "two Kims phenomenon" kept going strong despite critics' calls for their retirement, thanks to the public's support for them. Likewise, the "KTC phenomenon" will last as long as the public's support continues for him.

His return to politics depends on the political choice he makes. Even if he decides to reverse his retirement declaration, it cannot be said that it has soiled his political morality. That is because political participation and public service are the privilege and duty of all members of a democratic society. While the issue of his return to politics will be decided by KTC himself, the public will pass their judgment on the decision with the vote they cast. KTC's political return will materialize

only when his individual choice and the public's social choice have reached an accord with each other. It is democracy.

#### **North-South Relations**

Professor Kim Tong-song of Chungang University says North Korea strategies, interlocked with domestic politics, are likely to create a vortex.

The North-South division has regimented our political lives in a fixed pattern in the past five decades. While chanting the praises of national reunification as the cherished desire of all the Korean people, we have let our supreme values in our actual lives be determined by the degrees of our loyalty to the different ideologies and systems that are an antipathy to each other. The "zero-sum" rule has dominated every aspect of the North-South relationship of confrontation and competition: foreign policy, national security, economic and social. As a result, our routine domestic politics have been held hostage to the polemics of North-South relations and the reunification issue.

For North Korea, 1994 proved to be the worst year, as the worsening stagnation and crises in the economic and social aspects and the diplomatic isolation reached their worst points, threatening the security of North Korea's political system itself. By contrast, South Korea, thanks to its successful democratization, as well as its economic and social developments, was no longer a mere object for Pyongyang's ideological competition. North Korea's nuclear blackmail diplomacy was an adventurist effort in this extreme situation. It was because of such characteristic realities of the division that every move of North Korea could cause an inner political split.

As the implementation of the U.S.-North Korean agreement on the nuclear issue gets under way in 1995, North Korea may show progress in a shift to multilateral foreign policy, including better relations with the United States. However, the prospects are dim regarding Kim Chong-il's succession to power and of the stabilization of the leadership structure. The North Korean regime managed to survive by Kim Il-song's charisma, the proliferation of "anti-U.S." enmity and the despotic control based on the monopoly and insulation from information.

Today, however, the Kim Chong-il leadership has no alternative but to improve relations with the United States, open up North Korea to the outside world, and reform the economy. Consequently, North Korea will in 1995 be compelled to deal with the conflicting contradictions between the preservation of system and change. It may entertain an illusion of resolving the contradictions through its strategies against the South, acting as if it were a reality.

First of all, while demanding high-level political and military talks with the United States, with designs to break the ROK-U.S. alliance, North Korea will push for



a peace agreement and try to stir up international opinion over its demands for the withdrawal of U.S. troops from South Korea and the abrogation of the South Korean National Security Law. Clearly, North Korea will step up its sophistry and propaganda to shift the responsibility for the misery of the North Korean's life and the lack of progress in North-South relations, as well as the responsibility for its economic difficulty and the threat to its system, onto the Kim Yong-sam government's policies, conservative reactionary elements and dependent diplomatic posture.

#### **Political Circles Wise Response Urgently Needed**

There is the possibility of North Korea's implementing such strategies and tactics with the focus on our political agenda. And it is this possibility that prompts speculation that 1995 will mark another year of tumults over North-South issues in South Korean domestic politics. With the local autonomy elections scheduled for June, our government will probably feel the need for making some visible achievements in advancing North-South relations. There is the possibility of progressive forces regrouping through a Nation First debate, putting up pressures for reunions of separated families and displaced people, stressing the need for independent foreign policy and calling for disarmament based on progressive reunification policy. Further, there will likely be polemics between the followers of the "Economic Exchange First" doctrine—who assert that only North-South economic interchange can induce change in the North—and those insisting the need for the government to first find out the true motives of Pyongyang's strategies and intent and, on that basis, control and coordinate its North Korea strategies.

A more serious problem is that North-South issues and reunification policy can fuel partisan polemics between the ruling and opposition camps. That is because at a time when the political culture and party politics lag behind the seeming political and economic growth, North-South issues and reunification policy can be made a pawn for inflammatory political propaganda. In other words, while the general public, seeing the overall instability of the North Korean regime, may calmly wait for North Korea to change, hoping for a breakthrough in North-South relations, there is the possibility of political circles going against their wishes.

While refusing to voluntarily alter its system, and while evading substantial improvement in North-South relations, North Korea may still hold to the illusion that it can promote a friendly image and make practical gains in the international communities. Therefore, 1995 must not be made a year bolstering that illusion by allowing our political sphere to seethe with North-South issues.

#### **Constitutional Amendment Debate**

Senior SISA JOURNAL reporter Kim Chae-il discusses the presidential tenure and the shift to a cabinet system, saying the re-ignition of the smoldering issues is inevitable.

Will there be a controversy over the constitutional amendment issue in 1995? There have been signs of the issue resurging a few times since the start of the Kim Yong-sam government, Chongwadae struggling each time to nip it in the bud, for the government would run into difficulties in the conduct of state affairs should political circles and the public be engulfed in an amendment debate. The amendment debate is a matter potentially that explosive.

The constitutional amendment debate was first touched off in early April 1993 by Kim Kwang-ung, professor of the Seoul National University [SNU] graduate school of public administration, who created a stir by proposing—in a DLP lawmakers seminar—a four-year and up-to-two-terms presidential tenure. It resurged in mid-May 1994 and sparked controversies when a report of the 21st Century Committee, an advisory body for the president, had references in it suggesting the possibility of a cabinet system. Both times, Chongwadae emphasized that "there will be no constitutional amendment under this government."

Next time the issue came up was in mid-August 1994 at an academic forum sponsored by the Sejong Research Institute on the theme of "Exploration of State Strategies for Korea." Prof. An Pyong-yong of Yonsei University, in his paper "Democracy and Political Reform," discussed the need for reforms of the nation's electoral, parliamentary, bureaucratic, and political party systems, stating that "a constitutional amendment to shift to a cabinet system made up by members of parliament seems to be a positive contribution to that end." This time there were no particular repercussions, perhaps because it was not a formal proposal.

Why does the amendment move show such strong viability despite the repeated denials by Chongwadae? First of all, experts point out that the present single five-year presidential tenure is a deformed system not found in any politically advanced nations, and that the present Constitution is problematic with its provision that a president who has retired cannot be called to task for events during his tenure. In fact, the present tenure clause came as a political deal struck by the three presidential candidates then—No Tae-u, Kim Yong-sam, and Kim Tae-chung—following the 29 June, 1987, declaration [of No Tae-u]. Even those politicians involved in the amendment then would not hide the fact that it was a "political settlement" reached on the assumption that it would be amended again in the future.

The second reason for the amendment debate going on unabated is that the ruling party offers no clear picture about a successor to Kim Yong-sam. Frankly speaking, the problem is that the RDP faction, currently holding the reins of power, has no potential candidate for the presidency. But for now, it is still difficult to think that the RDP faction would yield the candidacy opportunity to the DJP [former Democratic Justice Party] or NDRP [former New Democratic Republican Party] faction.



**Academia More Active... "May Become an Issue Again in 1995"**

Next, in connection with the amendment issue, we should note the fact that once elected, a president generally develops a preference for a cabinet system. It was the case with President Chon Tu-hwan, and with President No Tae-u, too. They made an attempt at a shift to a cabinet system but had to abandon it as they met with nationwide resistance led by the two Kims. They probably had pondered the fact that they lacked assurances of their factions' staying on in power; more importantly, however, it can be said that every president has in his heart an instinctive desire for becoming the last president. A cabinet system allows an ex-leader to stay on and exercise his influence as a boss of the faction.

Whether it is for a cabinet system or the genuine presidential system with a vice president post, or for a two-term four-year tenure presidential system, it appears inevitable that the amendment debate will resurge in the future.

A DLP assemblyman speculated that in the ruling party's case, the debate will not take place until the 1996 presidential election is over. But other sources in the ruling camp observed that people in the ruling and opposition factions known for their political beliefs will slowly come forward with their ideas and make the amendment an issue in the 1996 presidential race.

Academic circles are even more active. An SNU professor said bluntly that "it is laughable that the president is saying we should not discuss a constitutional amendment." He contends that the issue should be put to the process of vigorous public debate, predicting that academia or media will fire the first shot in one way or another in early 1995. He noted that the present Constitution contains no references to outer space nor to an information society, that it is a factor making the amendment debate inevitable. In the process, the form of government and the presidential tenure will also become issues, said the professor.

It appears that the constitutional amendment debate will catch on fire before long, although opinions vary on the exact time. Undoubtedly, it will jolt the political world with an enormous magnitude.

**'Sharp Rise' in Corporate Bankruptcy Rate Noted**

SK0803041795 Seoul THE KOREA TIMES in English  
8 Mar 95 p 9

[FBIS Transcribed Text] Despite the overall economic upswing, marginal small and medium-sized companies are going bust in increasing numbers.

According to the Bank of Korea [BOK] yesterday, the corporate bankruptcy rate in Seoul surged to 0.14 percent in February, the highest rate since May 1992, when

the nation was battered by a massive financial scandal. At that time, the bankruptcy rate in Seoul had reached a record high of 0.29 percent.

The central bank attributes the more recent sharp rise in corporate bankruptcy in Seoul to the aftershock of the Duksan Group bankruptcy and the transfer of bankruptcy proceedings to February due to the lunar New Year holidays that fell in late January.

On Feb. 27, when the Kwangju-based group went under, the bankruptcy rate had climbed to 0.22 percent. The rate further surged to 0.37 percent on Feb. 28 and 0.28 percent on March 2.

BOK officials said the actual bankruptcy rate in Seoul is believed to be 0.12 percent, if the transfer of bankrupt companies is factored out. "If not for Duksan and the lunar New Year, Seoul's corporate bankruptcy would have remained at normal levels last month," said Kim Won-tae, director of the central bank's monetary policy department.

In the meantime, the growth in money supply, as measured by M2, stabilized at 16.9 percent on an average outstanding basis in February, down from the BOK's initial projection of 18 percent and appreciably below the 19.7 percent M2 growth in January.

February's easing of the monetary squeeze was attributed to the smooth transfer of cash that had been released on the occasion of the lunar New Year holidays and the sharp fall in companies' demand for overdraft loans. The massive outflow of foreigners' stock investment funds contributed to curbing monetary growth at low levels. Some 190 million dollars in foreigners' stock investments was funneled out of the country last month.

In January, the money market remained unstable despite the massive release of liquidity as market-driven interest rates surged to record highs.

The central bank promised to tighten its grip on money supply to hold soaring inflation in check, envisioning a monetary growth target of 12-16 percent for the whole of this year.

But money growth is projected at below 18 percent during the first quarter of the year in consideration of side effects to be caused by too fast a financial squeeze.

The BOK said an additional 1.7 trillion won will be supplied to the money market in March if M2 growth reaches 18 percent. In case of 17.5 percent M2 growth, the amount of newly supplied money will be 1.2 trillion won.

The money market in March will remain stable as there have been few factors that will push up fund demand, except for companies' payment of corporate taxes, a central bank official said.



## Cambodia

### Commentary Welcomes U.S. Pledge of Assistance

BK0803022995 Phnom Penh National Radio of  
Cambodia Network in Cambodian 1300 GMT  
6 Mar 95

[Political commentary: "New Pledge Made by One of the  
Paris Accord Signatories"]

[FBIS Translated Text] Before leaving Cambodia,  
Patricia Irwin, U.S. deputy assistant secretary of defense,  
told national and international reporters that the U.S.  
Government is impressed with the reorganization of the  
Khmer Royal Armed Forces and wants this process to  
continue. She disclosed that the U.S. Defense Depart-  
ment has plans to assist Cambodia and has closely  
cooperated with the U.S. Embassy to Cambodia in  
support of the Kingdom of Cambodia.

Commenting on the future plans, Patricia Irwin said: We  
will continue to send necessary building materials, engi-  
neers, and equipment to Cambodia. Also, we will consult  
the U.S. Embassy about Cambodia's needs and educa-  
tion assistance.

On military activities conducted by Cambodia, the U.S.  
deputy assistant secretary of defense reiterated that the  
United States will not intervene in the Cambodian  
Government's internal affairs; U.S. aid will be totally  
humanitarian.

Patricia Irwin made her first ever day-long visit to  
Cambodia on 28 February; the visit was officially  
announced as an (?assessment) of Cambodia's urgent  
needs [words indistinct]. Patricia Irwin is in charge of  
the U.S. Defense Department's humanitarian assistance  
program to Cambodia, namely the mine clearing pro-  
gram, mine awareness program, training program, road  
construction program, foods program, medical equip-  
ment supply program, and program of supporting and  
assisting the Khmer Rouge soldiers who have returned  
and joined the Royal Government and the internally  
displaced persons.

During her visit, Patricia Irwin also brought in the third  
shipment of U.S. Defense Department humanitarian  
aid. The U.S. Defense Department has so far donated \$3  
million worth of humanitarian aid to Cambodia. Of the  
aid, some \$2.5 million was spent on the demining  
program.

On the issue of mine clearance, the U.S. deputy assistant  
secretary of defense said the United States will try to  
provide as much aid as it can to enable the Cambodian  
Mine Action Center [CMAC] to carry out its operations  
successfully.

Irwin's statement constitutes an enormous and vigorous  
encouragement to the Royal Government of Cambodia  
and the Cambodian people, who are presently united  
under the throne's support in overcoming all manner of

difficulties with a view to rehabilitating and redevel-  
oping the motherland. Particularly, the pledge to con-  
tinue giving the maximum assistance to CMAC in its  
demining efforts reflects the United States' genuine  
goodwill toward helping Cambodia as a signatory to the  
Paris accord.

It is widely known that mine clearance operations in  
Cambodia would last about 10 years because some 8-10  
million mines have been planted and scattered over about  
2 percent of Cambodia's land. Cambodia alone cannot  
solve the mine problem. It relies on the continuation of  
material, financial, economic aid from the international  
community, especially the United States, which is a  
staunch supporter of mine stockpile elimination.

It should be noted that in 1994, CMAC received \$15  
million in aid from the international community at the  
International Committee on the Reconstruction of Cam-  
bodia conference. It was assisted by technical advisers  
from Canada, Australia, New Zealand, Belgium,  
Norway, and France and provided with significant mate-  
rial and financial aid by the United States, Britain,  
Japan, Sweden, and other countries. So far CMAC has  
only cleared mines on some 8 million square meters of  
Cambodia's territory.

In sum, the statement issued by the U.S. deputy assistant  
secretary of defense during her visit to Cambodia con-  
stitutes a U.S. Government reassurance to the Royal  
Government, which is a product of the free general  
elections in Cambodia. It also constitutes a great moral  
assistance motivating the Royal Government and the  
Cambodian people to continue their current tasks with  
the support provided by the sacred king for the cause of  
the country's glory.

### Officials Prepare for Paris Aid Conference

BK0803025095 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 6-7 Mar 95 pp 1, 4

[Report by Samret Sar]

[FBIS Translated Text] Keat Chhon, state minister in  
charge of rehabilitation and development, minister of  
economy and finance, and coordinator of preparations  
for the International Committee on the Reconstruction  
of Cambodia [ICORC] conference, has said: At the third  
ICORC conference to be held in Paris on 14-15 March,  
Cambodia will try to obtain \$295 million for its 1995  
needs. If we cannot obtain the needed funds, however,  
our current economic situation will not be seriously  
affected. Indeed, there will be little impact on our future  
economic growth. What we will do is seek joint venture  
with investing groups in order to continue our projects.

At a 4 March news conference on the third ICORC  
meeting, Keat Chhon said: The economic situation prior  
to the ICORC conference is promising because our  
efforts have been supported by donor countries, interna-  
tional organizations, and world financial institutions. In  
the first two months of 1995, he added, commodity



prices fell by 5 percent, the value of the riel remained stable, and public earnings exceeded this year's plan by 30 percent and rose by 40 percent over January 1994.

Keat Chhon added: This year, we need \$540 million for the projects to be presented to the ICORC conference. This does not mean that we need all the money this year. Of the \$540 million, we already have \$245 million in aid at our disposal, so we will only ask for \$295 million.

Keat Chhon pointed out: We have managed to respond to almost everything the international organizations have asked for, meaning we have fulfilled all the criteria set by the IMF. We have already met with the donor countries and international organizations three times and with private sector and nongovernmental organizations two times to discuss the documents to be presented to the ICORC conference. What worries us in terms of cash donations is that some donor countries have been recently affected by natural calamities and are cash-strapped. The finance minister stressed: If we cannot acquire cash aid from the third ICORC conference as expected, this does not mean that we will fail. It is quite normal that we want more to meet our figures, but concretely it depends on the donor countries. He added that donor countries have their own timeframe for apportioning funds to us. It is not right for some people to exploit this issue for political gains.

Keat Chhon also disclosed: We should strive from now on to make our GDP grow by 7 percent this year and two-fold by 2004. The shortage of aid can only affect us in the future; it will not be as serious as predicted by some people.

It Vichet, secretary general of the Cambodian Investment Board, said: If we are short of money to implement our planned projects, we should encourage investors to invest and share profits with us.

At the news conference, Sun Chanthol, state secretary of finance and secretary general of the Cambodian Development Council, called on journalists to write only the truth to prevent our people from being fooled by propaganda carried out by a number of bogus politicians and self-proclaimed patriots who are persuading foreign countries to refrain from giving aid or investing in Cambodia.

The state secretary of finance added: Some bogus politicians have shouted that Cambodia will run out of money in the next five months and that the Royal Government will collapse no matter what. This is a conspicuous pack of lies and deceptions. Money is continuing to stream into Cambodia. We are striving to pursue our tasks with thrift while the government is carrying out its job through well-planned strategies.

Commenting on a group of politicians, Keat Chhon said briefly with a smile that if there is any action, there will be a reaction. The politicians who have accused the

government of being a bandit have done something very serious, so they should expect concrete measures to deal with their offenses.

### **Plane Crashes as Ranariddh Addresses Gathering**

*BK0803021695 Phnom Penh REAKSMEI*

*KAMPUCHEA in Cambodian 6-7 Mar 95 pp 1, 11*

[FBIS Translated Text] According to a report from Kompong Thom Province, a light aircraft (observation plane) crashed at 1045 on the morning of 4 March in Kompong Thom Province due to mechanical problems.

Eyewitnesses said that on the morning of 4 March Prince Krompreah Norodom Ranariddh, first prime minister, accompanied by Princess Norodom Mary Ranariddh, was addressing a gathering of nearly 30,000 people from Stoung and Prasat Balang Districts at Kdei Doeum Temple, Kompong Chen village, Kompong Chen commune south of Stoung District in Kompong Thom Province. An observation plane that had been conducting an observation flight for several hours dived down while flying over the roof of the temple and hit the gate of the temple. The plane then burst into flames. This crash took place as the prince's speech was about to end.

After firetrucks put out the fire, the dead body of the pilot was found in the plane. Another pilot was thrown from the plane before it crashed. He was seriously injured and was immediately sent by helicopter to a Phnom Penh hospital.

Witnesses said it was lucky that the plane did not crash into the gathering area. No other people were killed or injured in this incident.

A technician said that the crash might have been caused by a steering problem.

### **Khmer Rouge Report Attacks in Battambang**

*BK0803024795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 7 Mar 95*

[FBIS Translated Excerpt] On 4 March, the National Army, in cooperation with the people, smashed, swept away, and scattered the two-headed government civilian and military administrators at Slar Kram village on South Battambang Battlefield. We destroyed 15 houses and some equipment belonging to the cruel administrators and liberated the following eight villages: Slar Kram, O Dambang, Prey Phloe, Svay Chrum, Tralach Pheas, Chas, Sne, and O Sralau. We also fired five 107-mm rockets on Battambang Town, causing terror-stricken panic in it. [passage omitted]

### **Indonesia**

#### **East Timor Governor Refuses To Okay Arrests**

*LD0803144495 Lisbon RTP Internacional Television in Portuguese 1200 GMT 8 Mar 95*

[FBIS Translated Text] The admiral responsible for the U.S. Forces in the Pacific has again defended the



resumption of the program which provides military training for Indonesian officers in the United States. This is yet another measure against the interests of the East Timorese people adopted by the United States, which continues to favor relations with Indonesia. In the meantime, the Indonesian Government is getting stricter with the East Timorese people:

[Correspondent Mendes Oliveira] This is yet another measure that is against the interests of the East Timorese people. After having suspended the military training program for Indonesian officers as a reaction to the Santa Cruz Cemetery massacre, the United States seems to have decided to resume it. It is with that in mind that Admiral Richard Mack, commander of the U.S. Forces in the Pacific, arrived in Jakarta this morning. He unconditionally defends the program, which he considers crucial for security in the region.

This is yet another encouragement for the Indonesian forces, which landed another two battalions in Dili yesterday, to join the eight battalions that are already in the territory. The news came from the East Timorese resistance, which sees the increased Indonesian military presence as a measure to prevent demonstrations before the next round of talks on the territory on 19 May.

The East Timorese resistance also reported that the action of the Ninjas has now been moved inland, where the East Timorese peasants are having to face a reign of terror. They also reported that the Indonesian authorities are compiling a list containing the names of some 200 public employees who will be arrested within the next few weeks, accused of having links with the movement that opposes the Indonesian occupation. The same source also reported that East Timor Governor Abilio Osorio was transferred to Jakarta provisionally—allegedly to attend a four-month course—because he refused to sign the arrest warrants.

#### **U.S. Praise for Action on Liquica Case Noted**

*BK0803022295 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 7 Mar 95*

[FBIS Translated Text] The United States has welcomed the Indonesian Government's quick action in investigating a case in Liquica District, East Timor. Indonesian Foreign Minister Ali Alatas quoted Winston Lord, U.S. assistant secretary of state for East Asian and Pacific affairs, as saying that the United States appreciates the action taken by the Indonesian Government, and Washington is waiting for the results of an investigation by the Honorary Council of Officers. The U.S. assistant secretary of state, who earlier paid a courtesy call on President Suharto, raised the Liquica case during a meeting with Ali Alatas at the Department of Foreign Affairs. However, the U.S. official did not raise the matter during the talks with President Suharto. The Liquica case was not mentioned in a letter sent by U.S. President Bill Clinton to President Suharto.

The U.S. assistant secretary of state is visiting Indonesia to convey Bill Clinton's letter to President Suharto as chairman of the Nonaligned Movement about the UN Security Council sanctions on Iraq.

#### **Minister Comments on U.S. Dollar Depreciation**

*BK0803133895 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 8 Mar 95*

[FBIS Translated Text] The depreciation of the U.S. dollar against the Japanese yen may affect national economic development. Ginanjar Kartasasmita, state minister for national development planning and chairman of the National Development Planning Agency, said this after attending an 'Id al-Fitr get-together in Jakarta yesterday. The minister said the U.S. dollar depreciation will benefit Indonesia in repaying the country's overseas debts. However, the government will continue to closely monitor the U.S. dollar exchange rate against the Japanese yen.

#### **Papers View UN Sanctions Against Iraq**

##### **Gradual Relaxation Urged**

*BK0803024895 Jakarta MERDEKA in Indonesian 6 Mar 95 p 6*

[Editorial: "Changing Stance on Baghdad"—passages in italics published in English]

[FBIS Translated Text] Indonesia and China have revealed a new political stance toward Iraq with regard to the UN Security Council resolutions. Jakarta and Beijing seem to have adopted a policy in favor of a gradual relaxation of the economic sanctions imposed on Baghdad after it invaded Kuwait in 1990 in accordance with its compliance with the UN Security Council resolutions. Indonesian Foreign Minister Ali Alatas told a news conference last week that "if a lifting is not possible, there should at least be a relaxation in accordance with the level of Iraq's compliance." According to Alatas, President Suharto stated that the UN Security Council resolutions should be implemented completely but wisely to avoid a negative impact, particularly on the innocent Iraqi people.

France, Russia, and the PRC have made diplomatic efforts to convince several UN members to agree to the relaxation of the oil embargo against Iraq. The United States has strongly opposed this diplomatic move by the three countries. Madeleine Albright, U.S. ambassador to the United Nations, has visited several countries to urge them to vote against lifting the UN resolutions against Iraq when a meeting is convened in the middle of March.

For us, it is important to see global issues from the interests of developing countries within the context of a "change" in world history. Regarding the Iraqi invasion of Kuwait, we have spoken "firmly" about the aggression of a large country against a tiny Arab neighbor. If we talk about the



preservation of the UN resolutions in the form of a continued embargo on Iraq, however, we will see an international plot to wipe Iraq off the map of the Middle East.

In a broader and more strategic context, we see that the "old" forces want a status quo in the Middle East that will benefit the "old established powers" and harm the new and developing countries classified as "new emerging forces." The pros and cons of the regional conflict that degenerated into an international conflict involving the United States and NATO should be seen through the eyes of the developing countries. Will the developing countries benefit from the settlement of the Iraqi-Kuwaiti conflict, or will the conservative Arab countries that are closely linked with Western politico-economic interests in fact benefit from such a settlement?

Thus, it is relevant to observe the matter from the interests of the Nonaligned Movement [NAM] members because the interests of the NAM members are very different from those of the developed countries. Based on pragmatism, we may feel safe if we ally ourselves with the interests of the Western countries. But for how long? History clearly shows that the countries known as "the old established powers" will face their final days in "the garbage heap of the world history." This is how we must perceive President Suharto's statement about the proposed lifting of the UN Security Council resolutions on Iraq.

#### Sanctions 'No Longer Proportional'

BK0803140795 Jakarta KOMPAS in Indonesian  
8 Mar 95 p 4

[Editorial: "To What Extent Should Sanctions Against Iraq Be Maintained?"]

[FBIS Translated Text] Indonesia's stance on the UN sanctions against Iraq is very clear. We can deduce the clear stance from Foreign Minister Ali Alatas' remarks after accompanying President Suharto to a meeting with Winston Lord, U.S. assistant secretary of state for East Asian and Pacific Affairs, early this week.

Speaking before reporters, Foreign Minister Ali Alatas said the Indonesian Government expected Iraq's compliance with the UN resolutions but simultaneously hoped for a relaxation or total lifting of the sanctions against Iraq.

Being a nation that holds legal principles highly and a UN member, Indonesia automatically expects Iraq to comply with UN resolutions. Of course, without ignoring legal principles, Indonesia as a nation that holds high humanitarian principles and justice hopes for a relaxation or lifting of the UN Security Council resolutions on Iraq.

Indonesia has a clear guideline to face the diplomatic war between the United States and Iraq, thanks to its basic policy. The United States represented by Winston Lord has asked for Indonesia's support for the maintenance of the sanctions.

On the other hand, Iraq represented by Foreign Minister Muhammad Sa'id al-Sahhaf last week asked Indonesia for support to lift the UN Security Council embargo. The results of the U.S.-Iraqi diplomatic war will be known during a UN Security Council meeting scheduled for 13 March.

The embargo against Iraq, which seems to be prolonged, show that the vestiges of the 1990-91 Gulf crisis and war have remained. The United States and Britain have even tried to preserve the embargo against Iraq, which is still thought to possess a number of dangerous biological and bacteriological weapons.

As in any war, there were winners and the losers in the 1991 Gulf war. Being losers, Iraq had no alternative but to accept UN sanctions, pay war damages, and destroy all strategic weapons.

For over four years, Iraq suffered from the sanctions and the UN-imposed economic and arms embargo. This is a relatively long period of time and the nature of the punishment seems to have a severe impact on the lives of the Iraqi people.

Iraq was completely beaten by the forces of the U.S.-led coalition in the 1991 war. Various infrastructure were destroyed and the people's economy was in disarray. Thus, it can be imagined that a continued embargo will only worsen the misery of the Iraqi people.

Considering the impact of the sanctions on the suffering and misery of the Iraqi people, we feel that the victory of the coalition over Iraq has faded automatically and lost its vigor.

The UN sanctions which have caused the Iraqi people continued suffering seem to be no longer proportional. It seems to be unbalanced because the UN Security Council, which fought hard to liberate Kuwait, is not moved by the fact that the Iraqi people are really suffering from the economic sanctions.

Considering the fact that the Iraqi people are really suffering from the sanctions, we would certainly like to question the intention of the United States and Britain in keeping the sanctions on Iraq. Why do they want to maintain sanctions against Iraq?

Apparently, the United States and Britain have failed to achieve the aims of the sanctions against Iraq, which is to punish the government of President Saddam Husayn. President Saddam Husayn has in fact been defeated, but he cannot be toppled.

The U.S. pressure on Iraq has not shaken the position of President Saddam Husayn at all. The government of President Saddam Husayn can still act freely, including crushing various opposition forces. The establishment by the United States and other coalition members of a no-fly-zone [preceding three words in English] has in fact failed to corner President Saddam Husayn.



Of course, the position of the United States, Britain, and their supporters is not an easy one. The United States and Britain will find it difficult to take action because it can be interpreted as direct interference in Iraq's internal affairs. Hopes for the fall of Saddam Husayn have also not materialized.

Of course, Saddam Husayn was a decisive factor in the invasion of Kuwait that degenerated into a crisis and culminated in the 1990-91 Gulf war. However, it cannot be easily ignored that the sanctions against Iraq has not made Saddam Husayn and other members of the power elite suffer. However, they have in fact caused the Iraqi people to suffer.

For humanitarian reasons and taking into account the fate of the Iraqi people, we believe that it is time for the UN Security Council to consider relaxing or lifting the economic embargo. Sanctions, if allowed to drag on, will only cause the Iraqi people continued suffering.

The objectives of the economic embargo have been achieved to a certain extent because Kuwait was liberated, while Iraq was completely beaten in the war. Thus, it will seem to be an exaggeration if the operation to liberate Kuwait is followed by efforts to topple the government of Saddam Husayn. Anyway, a change of power will remain an internal affair of Iraq.

Considering the sufferings of the Kuwaiti people and humanity, we hope that an evaluation of the embargo on 13 March will help alleviate the sufferings of the Iraqi people.

#### **Official Details Suharto's Visit to Sarajevo**

*BK0803031295 Jakarta SUARA PEMBARUAN in Indonesian 6 Mar 95 p 1*

[FBIS Translated Text] Jakarta, 6 Mar—President Suharto will visit Sarajevo, the capital of Bosnia-Herzegovina, at the end of his foreign tour from 8 to 14 March 1995.

This was stated by Minister and State Secretary Mardiono following a meeting with President Suharto at his Cendana Street residence on Monday.

According to the minister and state secretary, the United Nations will fully ensure the security and smoothness of President Suharto's visit to Sarajevo. The presidential delegation will fly to Sarajevo aboard a UN aircraft and the head of state will stay in Sarajevo for several hours to see the situation in the capital of Bosnia-Herzegovina for himself.

The visit will be at the invitation of the president of Bosnia-Herzegovina, who strongly hopes that President Suharto, as chairman of the Nonaligned Movement, will see the situation in the war-torn Islamic country at close range.

President Suharto, accompanied by Mrs. Suharto, will leave on 8 March 1995. First he will attend a UN-sponsored summit on social development in the Danish capital of Copenhagen. The minister and state secretary,

the minister of foreign affairs, the minister for social affairs, and Indonesian Roving Ambassador Nana Sutresna will be among the delegation.

#### **Meetings**

President Suharto will hold meetings with several heads of state and government as he usually does during summits. Argentina, Afghanistan, Turkey, Poland, Ukraine, China, Bangladesh, and Iran have requested meetings with President Suharto.

President Suharto is also scheduled to hold informal meetings with the heads of state and government of the nine most populous countries of the world.

After attending the Copenhagen summit, President Suharto and his delegation will visit Croatia at the invitation of the Croatian president, who earlier paid a state visit to Indonesia. The president will proceed from Croatia for a short visit to Sarajevo, the capital of Bosnia-Herzegovina.

#### **Laos**

#### **Officials Attend Foreign Affairs Conference**

*BK0403121795 Vientiane KPL in English 0928 GMT 3 Mar 95*

[FBIS Transcribed Text] Vientiane, March 2 (KPL)—The seventh conference on foreign affairs chaired by the minister of foreign affairs, Somsavat Lengsavat, closed on February 27.

On the opening day of the conference on February 21, Khamtai Siphandon, president of the Lao People's Revolutionary Party Central Committee [LPRP CC] and prime minister of the Lao People's Democratic Republic [PDR], noted the close ties between the country's foreign affairs, renovation and national construction, and development.

The LPRP CC president also praised officials for their efforts in implementing the party's foreign policy, contributing to a strong, positive image of the country and enhancement of the country's role in the international arena. He commended their successful efforts toward attracting foreign cooperation and investment to Laos.

Khamtai Siphandon further stressed the need for officials to understand and interpret the party's foreign policy of peace, independence, friendship, and cooperation. Laos has been increasingly opening up to nations of the world regardless of differing political and social regimes. In this process, he noted, relationships must continue to be based on respect for the independence and sovereignty of the nations involved, in order to preserve equality and for their mutual benefit.

The participants discussed international and regional matters that have occurred since the previous conference and through this review drew lessons for implementing party-state foreign policy. In addition they proposed



future directions to be followed in foreign affairs with the goal of making the two strategic tasks—national defense and construction—as well as the cause of renovation more effective.

The conference was attended by senior officials of the ministry of foreign affairs, chief representatives of the diplomatic missions of the Lao PDR abroad and high-ranking officials of the relevant agencies from both central and local levels across the country.

Between February 9-19, Lao diplomats who are assigned abroad and were recalled for the conference, went on a study tour to northern Laos where they visited Luang Namtha, Oudomsai, Sayaboury, Luang Prabang, and the zone of Sianghon-Hongsa. Their visit enabled them to observe the progress of development strategies in those northern provinces.

### **National Assembly 6th Plenary Session Closes**

*BK0803150095 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 8 Mar 95*

[FBIS Translated Text] A ceremony to officially close the sixth plenary session of the Third National Assembly was held this afternoon at the National Assembly hall in Vientiane. The session has been convened for eight days since 28 February under the chairmanship of Saman Vi-gnaket, chairman of the National Assembly.

Attending the closing ceremony were Khamtai Siphandon, chairman of the party Central Committee and prime minister; Nouhak Phoumsavan, Political Bureau member of the party Central Committee and president of state; members of the party Central Committee Political Bureau; ministers and deputy ministers; intellectuals and learned persons; and all members of the National Assembly.

Throughout the eight days of work, the meeting was conducted in an atmosphere of urgency and a sense of enthusiasm with National Assembly members expressing democratic freedoms.

During the past eight days of the session, all the delegates expressed their views on the Draft Law on Government and the Draft Law on Military Obligations and National Defense, heard a report presented by the chairman of the Secretariat Committee of the National Assembly on the consolidation and reorganization of government personnel, a lecture by the chairman of the National Assembly on the traditions of the Lao People's Army on the occasion of the 40th party founding anniversary, a report presented by the foreign affairs minister on the world situation and Laos' foreign affairs activities, and reports from National Assembly members on their activities in their respective constituencies.

At the end, the meeting unanimously adopted a resolution endorsing the various deliberations of the session. After that, Saman Vi-gnaket delivered a speech to close the session officially.

## **Philippines**

### **Senator Proposes Revival of U.S. Defense Ties**

*BK0803122095 Quezon City MALAYA in English 6 Mar 95 p 2*

[Report by Regina Bengco]

[FBIS Transcribed Text] The Philippines should consider reviving more active defense ties with the United States, which would require the super power to automatically retaliate in case the Philippines is attacked, Sen. [Senator] Francisco Tatad (Laban) [Lakas ng Bayan—People's Power] said yesterday.

Tatad, vice chair of the Senate foreign relations committee, made the proposal in reaction to the mounting Spratlys controversy which, some defense experts said, could trigger a third world war.

He said better terms than those under the defunct military bases agreement will prevent better armed Asian nations from bullying the Philippines which is still on the verge of modernizing its Armed Forces.

"New political realities in the region make it necessary for the Philippines to study the wisdom of having a more dependable security arrangement with the strongest Pacific power at this time," he added.

Tatad said the Philippines should not allow other countries to "bully" and distract it from its more pressing economic agenda. This is the first time a senator proposed reviving defense ties with the United States since American forces pulled out from the Philippines in 1992 after the expiration of the 1947 RP [Republic of the Philippines]-U.S. Military Bases Agreement and the rejection by the Senate of a new treaty.

The U.S. Government said it can only help the Philippines if the conflict occurs in the Pacific Ocean and not the South China Sea where the hotly contested Spratlys Islands are located.

### **PRC Structures on Spratlys 'Dismay' Ramos**

*BK0803100295 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 8 Mar 95*

[FBIS Translated Text] President Ramos has again expressed dismay over the retention of Chinese structures in the Panganiban Reef, which is part of the Kalayaan Islands and considered by the Philippines to be its territory.

In a news conference at the World Trade Center in Amsterdam, the Netherlands, Ramos said he believes that China has other reasons for remaining in the Panganiban Reef, aside from fishing. The president, however, is still hoping that the problem will be solved through a bilateral meeting between the Philippines and China on the Spratlys issue from 19-22 March. The 1992



ASEAN Declaration in Manila may be taken into consideration in dividing the South China Sea.

### **Sison Dismisses Death Threat Against Ramos**

*BK0803095795 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 8 Mar 95*

[FBIS Translated Text] The reported threat against the president's life in the Netherlands is allegedly the handiwork of Ramos's military propagandists. This was disclosed by Jose Maria Sison, consultant of the National Democratic Front [NDF], during an interview with DZBB.

Earlier, Presidential Security Group Chief Leo Alvez revealed an attempt against the president's life before Ramos was to go to the World Trade Center.

[Begin Sison recording] I don't think it was just a crank call. Maybe there was no call at all. Probably, this was just made up by Ramos's military propagandist. [end recording]

Sison said the Ramos administration has blamed the alleged threat on the National Democratic Front and his enemies to cover up for his low popularity in the Netherlands.

[Begin Sison recording] The big indication that this is psychological warfare is the fact that Ramos' propagandists readily blamed the NDF, who demonstrated against Ramos last Monday, 6 March. As I see it, Ramos wants to conceal his press relations failure. [end recording]

On another issue, Sison said there is no basis in the Department of Foreign Affairs' plans to block his application for political asylum. Sison added that although the safety and immunity guarantees were approved, it is but right that he apply for an asylum due to a real threat against his life.

[Begin Sison recording] You know, the attempt to block has no basis because the court, the highest administrative court, has decided on my case for asylum. With regards to the issue of my taking up the asylum, I decided to do this because there exists real extra-judicial and extra-legal threats. [end recording]

### **NDF Peace Negotiators Assured Safe Passage**

*BK0803141995 Manila PHILIPPINE DAILY INQUIRER in English 4 Mar 95 p 2*

[Report by Armand Nocum]

[FBIS Transcribed Text] A spokesperson of the government panel negotiating for peace with communist rebels yesterday said members of the National Democratic Front [NDF] who will take part in peace talks here can surface without fear of arrest starting May 2.

Rep. [Representative] Jesus Dureza (Davao) yesterday said that one of the features of the Safety and Immunity

Guarantee (SIG) agreement that government and NDF leaders signed in the Netherlands guarantees immunity of NDF leaders from arrest.

Dureza and former Justice Secretary Silvestre Bello III arrived from Amsterdam yesterday after week-long negotiations with Utrecht-based NDF leaders in Nieuwegein, the Netherlands.

Ambassador Howard Dee, chair of the government panel, along with Rep. Jose Yap (Tarlac) are scheduled to arrive today.

The breakthrough in the efforts of both government and the communist leaders to arrive at a settlement paved the way for the resumption of negotiations that bogged down in October last year.

Dee said the formal talks would focus on human rights and political and economic reforms.

The negotiations would have "four substantive headings," namely, "human rights and international humanitarian law ... social economic reforms and political and constitutional reforms."

He added that there was a possibility of a formal cease-fire despite calls by the communist leader Jose Ma. [Maria] Sison that insurgents should intensify their activities to get a stronger position in any peace talks.

Dee said he took this to mean that Sison, who is in self-exile in The Netherlands, was merely telling his forces to work harder for reforms.

Dureza said the SIG, which was approved by President Ramos, will take effect on May 2, about 30 days before the scheduled formal opening of talks in June 1 in Brussels.

Under the agreement, the NDF can issue "documents of identification" to its negotiators, consultants, staff and other members involved in the talks.

"Upon presentation of such documents, the holder shall be allowed free and unhindered passage in the Philippines and will be accorded with safety and immunity guarantees," Dureza said in a statement.

"For persons who have pending criminal cases, including arrest and search warrants for past acts, the government prosecutors shall move for the suspension of such proceedings to enable them to participate or assist in the peace talks," Dureza adds.

### **Government Negotiator Reviews Peace Talks**

*BK0803121895 Manila THE MANILA CHRONICLE in English 4 Mar 95 pp 1, 6*

[Report by Cynthia Lopez-Dee]

[FBIS Transcribed Text] Some sessions of the peace talks between the National Democratic Front (NDF) and the government may be held in the Philippines, the government's chief negotiator Howard Dee said yesterday.



Dee said this point was provided for in the agreement on security and immunity guarantees that was signed in The Netherlands Friday last week.

"Yes, there is that possibility," said Dee, when asked in Malacanang if there was a chance that the substantial part of the peace talks can be transferred in Philippine territory.

Tarlac Congressman Jose V. Yap (Lakas) [Lakas ng Bansa—Power of the Nation] supported Dee's view, saying the security and immunity accord was flexible enough to let the talks be held either in Manila or any country acceptable to both panels.

"There is a safety clause that says we can hold the talks anywhere, anytime, provided there is a mutual agreement between the parties," said Yap, a member of the subcommittee which prepared the groundwork for the signing of the agreement.

Yap said that even the venue of the talks could be changed, depending on the decision of both parties. For example, he said, the initial agreement that the first session of the talks should be held in Brussels could be changed.

The Tarlac congressman said the flexibility on the venue has been assured by the provision in the agreement which says that each side can issue its own identification cards for participants.

According to Rep. [Representative] Jesus Dureza, spokesman of the Philippine panel, the security and immunity guarantee (SIG) accord is "an important procedural agreement" which leads the talks to the formal phase.

Under the agreement, each party can issue its own identity [ID], and contain pictures, and other details concerning the ID can only be issued on a limited basis, depending on the number of the members, consultants, security or staff of the negotiating panels.

Dee said the chairmen of the two sides will have to agree on the number of IDs to be issued. The IDs will also serve as safe conduct passes.

"The issuance of the safe conduct pass will not infringe on the sovereignty (of the Philippines) because they are not issuing to us any safe conduct pass. We recognize in a manner each party has a right to issue its own ID which then is a safe conduct pass," Dee said.

Under the agreement, accredited negotiators and staff members of the NDF panel will also have the right to obtain passports from the Philippine Government.

Asked about the citizenship of Jalandoni, Dee said the government considers that issue closed. He said Jalandoni was appointed as chief negotiator of the NDF and the government accepts that.

"He was appointed officially by the NDF to head the panel, so for as long as he officially represents them, there is no reason for us to reject his appointment. He is

recognized by them as official spokesperson so there is no need for us to question that," he said.

Dee said that the two panels will have to agree on two main points before the talks begin in Brussels. These are the sequencing of topics and the submission of final reports of the reciprocal working committees.

Under the Hague Declaration of 1992, a major framework of the negotiations, four committees are to be formed: human rights, international humanitarian law, socio-economic reforms, and political and constitutional reforms.

The last phase of the talks would focus on "disposition of forces" which includes discussions on armistice or possible laying down of arms.

### **Funds Approved To Cushion GATT Impact**

*BK0803134395 Manila PHILIPPINE DAILY INQUIRER in English 4 Mar 95 p 2*

[Report by Lindablue Romero]

[FBIS Transcribed Text] The executive committee of the Presidential Agrarian Reform Council has approved the release of P[pesos]2.57 billion to finance projects that could help farmers cope with the adverse effects of the Uruguay Round of the General Agreement on Tariffs and Trade.

Jose Domingo, executive director of the council, said the money will be drawn from the agrarian reform fund and will finance the construction of farm-to-market roads, irrigation, and post-harvest facilities.

The approval came after a study revealed that none of the projects drafted to cushion the impact of GATT have been put in place.

Officials in charge of carrying out the projects met with council officials to discuss how the budget would be distributed among them.

As approved by the council, the bulk of the funds, P2.5 billion, will go to the Land Bank of the Philippines to pay for lands taken for agrarian reform.

The rest of the money will go to the public works department, P22 million for infrastructure in agrarian reform areas; National Irrigation Authority, P5 million; and, Land Registration Authority, P10 million for the computer listing of all registered and titled lands.

Agrarian Reform Secretary Ernesto Garilao left yesterday for Japan to seek additional support for agrarian reform in the wake of Japan's recent approval of proposals to include agrarian reform as a possible recipient of funds.

### **Thailand**

#### **King Suffers Chest Pains, Cancels Activities**

*BK0703124595 Bangkok Radio Thailand Network in Thai 1200 GMT 7 Mar 95*

[Statement issued by the Royal Household Office in Bangkok on 7 March—read by announcer]



[FBIS Translated Text] His Majesty the king suffered chest pains while doing a daily exercise at 1930 on Monday, 6 March 1995. A panel of doctors examined him and has concluded that the symptoms were caused by an insufficient supply of blood to the heart for a short while. The doctors gave him special treatment at Chitlada Palace until his condition improved. The panel of doctors advised him to rest and to cancel all activities for a certain amount of time.

### WTO Envoy Cites Need for Management Skills

BK0803071395 Bangkok THE NATION in English  
8 Mar 95 p B2

[Report by Phongphat Sinang]

[FBIS Transcribed Text] Thai companies in various sectors such as transportation, technology, agriculture, hotels, financial services and healthcare will have to improve efficiency as a result of market opening regulations of the World Trade Organization [WTO], said Danai Dulalampha, permanent representative to the WTO.

At yesterday's luncheon speech on the impact of the WTO on Thailand, he said whether Thailand will benefit or be adversely affected by the WTO depends on the ability of the government and private sector to improve their management skills to compete with foreign business once the Thai and other foreign markets are opened.

Plaiphon Klumsap, an expert on international trade, said that Thailand will benefit rather than be hurt by the WTO because Thailand will be able to export more of its goods, especially in the farm sector.

He said that the WTO's regulation of transparency, whereby the dispute settlement process is speedier and more strict, will pressure economically powerful countries to use a multilateral process, rather than bilateral sanctions to influence their trade partners, such as the US Section 301 to Thailand or China.

He said the WTO has established a market opening regulation for the first time in the agriculture sector. This means the dismantling of all subsidies and all WTO members must open their markets for agriculture products. As a result, Thailand will be able to export more agricultural goods to other countries, especially the European Union and the USA. From Jan 1, 1995, all protective measures on imported goods will be gradually minimized until they end. If the trend persists, Thailand's total value of exports will increase to as high as [Thai baht] Bt2 trillion per year.

Plaiphon added that all countries gain and lose in international trade. Currently, Thailand encounters a number of problems, such as violation of intellectual property, especially copyrights and trademarks, higher labour costs as compared to other Asean and Indochinese countries, poor technology in some industrial sectors and government red

tape, Thailand's practice of quota system and the GSP [Generalized System of Preferences] of some goods in particular countries.

He said that the government should apply more vigour to solving these problems so that Thailand will not lose its competitiveness in the international market.

Tirana Phongmakaphat, an economic advisor to Deputy Prime Minister Suphachai Phanitchaphak, said that free trade in the form of market openings will be apparent, particularly for industrial goods. Therefore WTO members will have to lower their import tariffs for five years by an average of 40 per cent per year.

Thailand, as a result, will have to reduce its import duties on 3,089 lots of goods. As compared to other countries, Thailand will stand to benefit, especially on computer, equipment and parts.

For Thailand's agricultural sector, Thailand will benefit from the market opening, especially over the developed countries.

The tariff reduction will enable Thailand to increase its exports and penetrate new markets, such as rice.

He added that Japan must open its rice market for as much as 300,000 tonnes in 1995 and the amount will increase to 800,000 tonnes within six years. The import duty for rice is zero.

As a result, Thailand should formulate an export strategy so that Thailand will not be in a disadvantageous position under the new trade system.

Similarly, Thailand will have to lower import tariffs on a list of 700 agricultural products, or 24 per cent within 10 years from now. Thailand will also have to open its market for 23 lists of goods which was previously restricted such as fresh milk, coffee and tobacco leaves.

### Tharin To Push for 'Service Liberalization'

BK0803074595 Bangkok THE NATION in English  
8 Mar 95 pp B1, B2

[Report by Surachai Chupaka]

[FBIS Transcribed Text] Finance Minister Tharin Nimmanhemmin said Thailand will push for a service liberalization agreement under the Asean Free Trade Area (Afta) umbrella at the Afta Council meeting in Phuket next month.

A finance ministry source revealed that the finance and construction concessions would be two priority sectors where Asean should lift restrictions in preparation for the direct competition which will result from the implementation of the WTO (World Trade Organization). WTO has clearly spelt out its requirements for the liberalization of finance and construction industries.



Thailand is to host the Afta Council meeting, scheduled for April 26-28 in Phuket, following an informal Asean economic ministerial meeting. The Afta meeting is designed to promote economic ties among Asean members as well as to expand the Afta free trade agreement from the original manufacturing sector to farm trade, intellectual property rights and trade in services.

When asked why Asean does not plan to discuss the liberalization of telecommunications at the upcoming meeting, the source said that Asean members prefer to see the WTO agreement on telecommunications services before discussing the degree of liberalization among themselves.

Afta, the regional free trade agreement among the six Asean members, has called for its members to cut tariffs on manufactured goods to a maximum of five per cent by the year 2003. Asean consists of Thailand, Indonesia, Malaysia, Singapore, Brunei and the Philippines.

Asked whether Asean would exclude the Asean service agreement from the Afta agreement, Tharin said that he did not think so. This is because the WTO, which became effective in Jan 1995, asked its members to grant business privileges to other WTO members on a non-discriminatory basis, with an exemption for the existing regional free trade agreement. Therefore, Asean might have to seek approval from the WTO if they wish to come up with a new agreement. To create a new agreement under the existing Afta agreement should be easier, he explained.

According to Tharin, Somchai Ruchupan, director general of the fiscal policy office, is to work out the blueprint for the Afta service agreement as well as to coordinate with agencies involved in the plan. These include the commerce ministry, the foreign ministry, and the transport and communications ministry.

The finance ministry source said that Thailand gained the confidence to push the initiative because of the recent passage of the country's master plan for reforming financial businesses.

Tharin said that the Afta unit, which was set up last year after the Asean economic ministerial meeting in Chiang Mai, will become the main agency to run the Afta service agreement.

#### **Burmese Ambassador Rejects Outside Mediation**

*BK0803074095 Bangkok BANGKOK POST in English  
8 Mar 95 p 8*

[FBIS Transcribed Text] The Burmese ambassador to Thailand yesterday rejected outside mediation, saying the fighting between the Burmese armed forces and the Karen National Union was an internal affair.

KNU [Karen National Union] leader Bo Mya said earlier that he would welcome Prime Minister Chuan Likphai to mediate peace talks between his group and the Rangoon government.

Ambassador Tin Win made the remarks at a vin d'honneur at the Foreign Ministry yesterday, held to introduce the diplomatic corps and newly-appointed Foreign Minister Krasae Chanawong.

Deputy Foreign Minister Surin Phitsuwan meanwhile reaffirmed that Thailand was ready to facilitate talks between the Burmese Government and opposition parties to reach peace and a ceasefire in the neighbouring country.

But the possibility depended on all parties concerned, he told reporters in a separate interview.

Reconciliation between the Burmese Government and ethnic minorities will bring about peace and security for Thais along the border, he said.

Prime Minister Chuan on February 25 expressed Thailand's readiness to mediate peace talks between the SLORC [State Law and Order Restoration Council] and ethnic groups to reach a ceasefire and peace in the neighbouring country.

Mr Tin Win said he expected Lt-Gen [Lieutenant General] Khin Nyunt, first secretary of the State Law and Order Restoration Council (SLORC), to pay an official visit to Thailand next month. He said the secretary had a tight schedule this month.

Bilateral issues and cooperation will be discussed during the visit, he said.

Thailand has invited Lt-Gen Khin Nyunt, a powerful figure in the SLORC, to visit as the guest of Deputy Prime Minister Chamlong Simuang.

An invitation was extended during a visit to Rangoon by former foreign minister Thaksin Chinnawat in January.

Lt-Gen Khin Nyunt should have come to Bangkok in February but had to postpone on the grounds that the timing was not appropriate due to ongoing fighting between Burmese government forces and ethnic Karens.

#### **Board of Trade Says Burma Wants Trade Pact**

*BK0803031095 Bangkok PHUCHATKAN in Thai  
7 Mar 95 p 4*

[FBIS Translated Text] Prayun Thaloengsi, executive director of the Board of Trade of Thailand, reported on a recent visit to Burma he made with a group of 80 Thai businessmen, led by the chairman of the board, Phothiphong Lamsam. According to Prayun, the group visited three major cities—Rangoon, Pagan, and Mandalay, to get to know Burmese leaders at different levels, in both the government and the private sector. Group members also wanted to observe economic trends and developments in Burma, which will help Thai businessmen make decisions about investment projects.

One topic discussed with Burma was border trade. Burma wants to conclude an agreement with Thailand on border trade cooperation, similar to agreements it already has with China and India. "The Thai private sector cannot



give an answer to Burma yet, because it must wait for the government's reaction first. However, the private sector backs the idea and will follow up on the matter," Prayun said.

Thailand has asked Burma for copies of its agreements with China and India. The Board of Trade will study them and propose a draft agreement for Thailand to the Commerce Ministry for consideration.

He said the two sides discussed and agreed on development of water transportation of goods between Thailand and Burma. Details will be discussed later.

He said Thailand currently ranks second after Singapore in investment in Burma. Thailand's investment projects include hotels, agro-industry, machinery, mining, and forestry.

"Politics aside, Burma has a bigger investment potential than Indochina. What Burma lacks now is the basic infrastructure, especially electricity and port facilities. Anyway, Burma is trying to cope with the problem," he said.

#### **No Change Planned in Exchange Rate Formula**

*BK0803081895 Bangkok BANGKOK POST in English  
8 Mar 95 p 17*

[FBIS Transcribed Text] The Finance Ministry and Bank of Thailand stress there is no need to change the basket of currencies used to fix the baht exchange rate as the formula benefits the country's economy.

The US dollar has reached its bottom level against major currencies and will not depreciate further, according to Finance Minister Tharin Nimmanhemmin.

The overall positive impact of the situation outweighed the negative, he said yesterday.

The German and Japanese markets for Thai products combined, are bigger than the US market. The depreciation of the baht against the mark and yen will enable Thailand to export more goods to Germany and Japan, offsetting any decline in sales to the United States resulting from the drop in the dollar's value.

Those who borrowed abroad in US dollars would benefit because their loan burdens, converted into baht, would drop, Mr Tharin said. The only problem was that Thailand's reserves in dollars would depreciate too.

Bank of Thailand governor Wichit Suphinit said the central bank would not adjust the basket of currencies. "The situation has improved," he said.

The Exchange Equalisation Fund yesterday fixed the daily exchange rate at 24.80 baht to the dollar, unchanged from Monday.

Mr Wichit said although the appreciation of the baht against the dollar might reduce the rate of return on foreign

funds entering Thailand, domestic interest rates were still high enough to attract foreign money. Capital flow should not be affected.

The domestic money market yesterday was tight with the interbank rate rising to 14-15 percent per annum.

But Mr Wichit said yesterday was the last day for commercial banks to maintain their liquidity levels as required by the central bank. He expects the situation to ease today.

During a Cabinet meeting yesterday, Mr Tharin quoted a central bank report as saying the depreciation of the dollar would encourage the Thai private and public sectors to pay off dollar loans.

The swap premium in hedging baht against the dollar yesterday remained as high as 14 satang per month per dollar because of speculation that the dollar would slide further, according to Bank of Thailand chief spokeswoman Nopphamat Manolihakun.

Analysts suggested businessmen hedge against downside risks from the dollar.

Niphon Wibunmet, president of Siam City Credit Finance & Securities plc, said his firm planned to borrow \$40-50 million within two months. But it would now hedge against these risks.

It will re-extend dollar loans in the same currency to its clients. This will be decided on whether potential borrowers receive income in dollars. His firm will also seek a forward hedge or options on the dollar.

Surapon Ophatsathian, vice-president of IFCT Finance & Securities Co, said the best solution was for clients to arrange loans in a range of currencies.

Importers could buy dollars now in the hope of gaining if the dollar appreciated by the time they have to make payments, he suggested.

The trend for the dollar, which dipped below 93 yen could not be predicted, he said.

Finance companies borrowing significantly in dollars must be prepared to counter any "untoward incident" involving the dollar, he said.

Analyst Thanet Khantikarun of Ekachat Finance & Securities plc said finance companies had borrowed significantly in dollars because of the rise in US interest rates.

While the dollar was depreciating, borrowers were trying to buy dollars to repay loans he said. but this was difficult to do because Thai financial institutions had to maintain certain cash reserves.

#### **Vietnam**

##### **Country Joins Financial Communications Network**

*BK0703025795 Hanoi VNA in English 1456 GMT  
6 Mar 95*

[FBIS Transcribed Text] Hanoi VNA March 6—Vietnam today joined the Society for Worldwide Interbank Financial Telecommunication (SWIFT).



The local division has 14 members including the State Bank of Vietnam and four state-run commercial banks.

As from now, Vietnam became the 121st member of SWIFT which can link directly with 4,800 institutions all over the world in the fields of international payments and commercial funds.

In the inauguratory day of VIETSWIFT, the industrial and commercial bank sent out 16 L/C (letter of credit) and 35 payments and received LCs valued at tens of million US dollars.

#### **Judge Reports Execution of Convicted Policeman**

*BK0603114295 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 6 Mar 95*

[FBIS Translated Text] This morning, 6 March, the chief judge of the Hanoi People's Court held a news conference to inform the public that the death sentence imposed on Nguyen Tung Duong [police officer convicted of murder in an October 1993 incident] was carried out on 5 March. This was done after the state president turned down the defendant's appeal for clemency.

#### **Relations, Trade With New Zealand Reviewed**

*BK0803024395 Hanoi Voice of Vietnam in English 1000 GMT 7 Mar 95*

[Station commentary]

[FBIS Transcribed Text] New Zealand Minister of Business Mr. Roger Maxwell has paid a working visit to Vietnam in order to strengthen cooperative relations between Vietnam and New Zealand. During this visit, Mr. Maxwell received new information on relations between the two countries. Here is our radio editor's opinion:

During his stay in Vietnam, the New Zealand minister of business was received by Vietnamese Deputy Prime Minister Tran Duc Luong. He also met with the minister of science, technology and environment; leaders of Hanoi and Ho Chi Minh City People's Committees; and the general secretary of the Chamber of Commerce. During the working session, both sides expressed satisfaction on the rapid and effective development of the friendly and cooperative relations between the two countries. It is also clearly showed that economic relations between the two countries are developing. In 1991, two-way trade turnover was just only \$3 million, last year it increased to \$15 million. Now, New Zealand ranks the 25th among 50 countries and territories that invested in Vietnam with three projects on wood processing, [word indistinct], and animal breeding which are capitalized at \$25 million. Therefore, Mr. Maxwell maintained that there is a large cooperation potential between the two countries and it is required to promote bilateral cooperation, particularly in the field of economy and trade. To this end, Mr. Maxwell affirmed last February that New Zealand will establish an embassy in Hanoi and the general consular in Ho Chi Minh City.

New Zealand Prime Minister Mr. James Bolger will pay first official friendly visit to Vietnam in the middle of this year.

#### **Bangkok Meeting Assesses Investment, Economy**

*BK0803021595 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 7 Mar 95 p 3*

[Report by a "Special Correspondent": "Vietnam's investment figures not always what they seem"]

[FBIS Transcribed Text] Many investors wonder how quickly Vietnam's economy is picking up now that it is open to foreign investment and the US embargo has been lifted.

A recent Economist Conferences' Thailand Regional Programme gathering in Bangkok attempted to answer the question based on available statistics and calculated assessments.

According to a presentation to the conference, between 1988, when Vietnam began active promotion of investment incentives, and 1994, about US\$10.9 billion of total investment was approved for 983 projects. Of this sum, \$5.7 billion was in the form of equity capital, the balance being loans.

But the conference heard that "approved" is the operative word.

In fact, only about \$3.7 billion has been invested and more than half of that is accounted for by offshore oil exploration concessions, money which never directly enters the domestic economy.

The bottom line is that only about \$1.5 billion was invested in Vietnam between 1988 and 1994. An amount equivalent to just over a third of this sum was approved for investment in tiny Laos during the same period.

Likewise, while about \$3.8 billion of economic assistance has been committed to Vietnam, only about \$400 million has been handed over.

Nevertheless, there is no denying that investment entering Vietnam is gathering steam. A total of \$3.7 billion of projected investment was approved in 1994 more than a third of the total since 1988, and a similar trend can be identified in terms of actual deployment.

That Vietnam is on a steep growth trajectory is not in doubt. The question is whether it will be steep enough.

The economy is growing about 9 percent a year, a rate just ahead of Thailand's.

But economists tend to agree that such rapid levels of growth in Thailand's relatively mature economy are far more impressive than in low-base economies like Vietnam's.

At current rates it will take Vietnam a very long time to catch up with Thailand, even if it is already able to take labour-intensive manufacturing industries from neighbouring countries where costs are higher.

Parts of the economy are growing faster than others. Oil and gas developments will accelerate expansion, even if



the liberal benefits will not be felt until new fields come on stream toward the end of the decade.

Another bright spot is the south in general and Ho Chi Minh City in particular, where the Vietnamese economy forged ahead by as much as 15 percent last year.

Also on the positive side, Vietnam seems to be fighting a winning battle with inflation, which hit 310.9 percent in 1988 but was down to nearer 10 percent last year, where it is expected to stay in the medium term.

Although this is low by historical standards, it is high enough to be of concern to people signing lease agreements which incorporate inflation clauses.

As to how well the Vietnamese man-in-the-street is doing out of all this, it is difficult to know for sure.

The conference heard that official GDP per capita is \$212. But this takes no account of the parallel economy which could add around 50 percent to earnings, bringing the total to \$300-350, close to half that in the Philippines.

Again Ho Chi Minh City leads.

Even according to the General Department of Statistics' notoriously conservative figures, Ho Chi Minh City's GDP per capita is already more than \$800, about a third that of Thailand.

The presentation noted that economic risks include the weather.

A sizeable 36.4 percent of Vietnamese GDP is generated by agriculture which can be devastated by typhoons.

With manufacturing expanding steadily, agriculture's contribution to GDP is in long-term decline, but many livelihoods will continue to depend on it.

Growth in manufacturing is taking its toll on the balance of trade, as machinery is imported to fit out new factories.

But at present levels the conference viewed the deficits as a positive function of development.

Despite expanding exports Vietnam's balance of trade stood at minus \$655 million in 1993, ten times larger than the previous year's. The deficit for 1994 is estimated to be about \$800 million with exports of \$3.6 billion and imports of \$4.4 billion.

As for foreign debt, the World Bank and the Asian Development Bank calculate that Vietnam owes about \$17 billion. It is not possible to be exact because of the difficulty of converting debts incurred in International Trade Roubles (ITR), which no longer exist, into a common-denominator currency.

Although the value of the ITR is zero, the conference heard that Vietnam will still make at least token repayments so as not to damage its international credit rating.

Following a refinancing programme, Vietnam can be proud of its record of debt servicing.

The dong weakened to 14,000:US\$1 in 1990-91, but state bank intervention lifted it to 10,080 at the end of last year. Since then it has gradually eased to 11,080, and seems destined to weaken further.

Frequent visitors already know not to keep any currency in their pockets between trips.

On balance the conference was bullish on Vietnam, but noted that many had moderated their projections since the initial excitement that greeted the lifting of the US embargo.

### Forum Discusses Annual National Defense Tasks

*BK0803022095 Hanoi Voice of Vietnam Network  
in Vietnamese 2300 GMT 6 Mar 95*

[FBIS Translated Text] Delegated by the government, the Ministry of National Defense held a conference yesterday to disseminate national defense tasks for the year 1995.

Attending the conference were leading comrades of the Ministry of National Defense and of other ministries, ministerial-level organs, and government agencies.

On behalf of the Ministry of National Defense, Senior Lieutenant General Dao Dinh Luyen, member of the party Central Committee, deputy minister of national defense, and chief of staff of the Vietnamese People's Army, presented a report, evaluating the situation regarding the implementation of national defense tasks in 1994 and outlining the orientations and tasks for national defense in 1995.

Many substantive measures were unanimously brought up by the participants aimed at continuing to deploy and implement satisfactorily various directives and decisions of the party, the state, and the government on national defense tasks in 1995. First, these measures call for increased indoctrination for cadres and people so they can constantly grasp the two strategic tasks, uphold their sense of vigilance against the peaceful evolution, rebellious and subversive schemes and tricks of hostile forces, and thoroughly understand the notion of all the people building and defending the socialist fatherland and social regime.

It is necessary to continue to provide guidance for the building of various provinces and cities into increasingly stable defense zones to meet requirements arising from national defense and security tasks in the new situation; consolidate and increase the integrated qualities of local military forces; enhance the self-defense qualities of public organs and establishments; build up the reservist force; gradually put the task regarding self-defense militia into the right track; urgently consolidate and strengthen the system of cadres in charge of national defense tasks at various ministries and sectors; and carry out the policy to renovate the state management over national defense from the central down to local levels.



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